

A dossier on the WTO's failed 5th Ministerial Conference

# **We Won !** **Cancun** Cancun

EQUATIONS, November 2003



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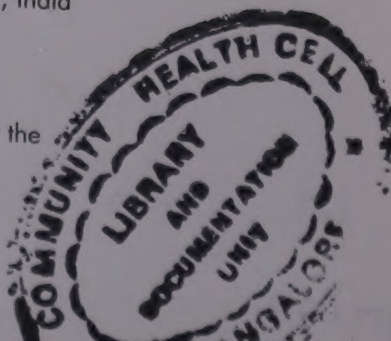
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# Preface

The World Trade Organisation (WTO) the successor to the General Agreement on Trade and Tariffs (GATT) came into existence in January 1995 after the Uruguay round of the GATT. Since its establishment, permanent negotiations have been carried with a series of Ministerial meetings starting with Singapore (1996), Geneva (1998), Seattle (1999) and Doha (2001) setting the broad agenda for the process at its Geneva headquarters. This powerful global trade body sets up legally enforceable commercial rules for international trade in Goods, Agriculture, Intellectual property and Services like health, water and education.

The Fifth Ministerial of WTO held in the Mexican tourist resort of Cancun was the second Ministerial Meeting to dramatically collapse, once again bringing into relief its deep institutional crisis. The documents in this dossier are meant to give an insight into the actual negotiations by producing key statements by civil society groups and Trade ministers from developing countries.

In an instructive overview, Walden Bello predicts the collapse of the impending Cancun ministerial, and questions the key tenet that "trade liberalisation promoted prosperity" by citing a World Bank study from the late 1990s by M. Lundberg and L. Squire. The study noted that the "poor are far more vulnerable to shifts in relative international prices and this vulnerability is magnified by the country's openness to trade. At least in the short term, globalisation appears to increase both poverty and inequality". Swimming against the general current of civil society analyses on the WTO, George Monbiot argues that the institutionalized subversion of the WTO's procedures by the North and



its corporate fellow travelers should be countered not by an "overthrow" of the WTO but by using the forum to "overthrow the power of the rich", and by institutionalizing meaningful safeguards that allow only the "nice guys to survive" in world trade.

Against this backdrop, the Indian People's Campaign Against the WTO (IPCAWTO) pre-Cancun statement on WTO and GATS highlights the key issues involved

- The WTO perspectives on agriculture are "totally detrimental to the interests of the vast majority of our people consisting of small and marginal peasants, the agricultural workers...
- The need to resist the commodification of education, health, water.
- The need to urgently engage the developed countries on the "dangerous implications of the TRIPS agreement with respect to bio-diversity, piracy of traditional knowledge and growing monopoly of multinational (agro-chemical corporations) on seeds
- As contrasted to the Indian Commerce's Ministry's position that the existing level of Indian tariffs provided adequate "comfort" and needed to be maintained, the IPCAWTO insisted on the "right to use quantitative restrictions" since EU/US agricultural subsidies not only were substantial but were growing

Illustrating the skewed nature of the process despite the rhetoric about the "democratic" nature of the WTO, civil society groups noted that the "two richest delegations the EU and the US (representing 10% of the world) with a combined strength of 863 was three times the total of 235 for the 4 biggest Southern countries (51%).

Southern countries were resistant to the declared intention of developed countries to make Cancun the site for negotiations on the so-called "Singapore" issues. These concerns of developing countries were articulated in a note co-authored by the Malaysian and Indian Commerce Ministers, which pointed out the complexity of these issues, the resource constraints, and the need for substantial analysis before any commitments could be made. More over, serious doubts were raised about the lack of discussion on the Doha development agenda, the negotiation procedures and the inclusion of the Singapore issues without prior discussions. Southern delegations rejected the meeting's final text, effectively derailing the ministerial.

The crucial role of civil society groups, for providing critical inputs through lobbying, informing and mobilizing, was publicly recognized by Brazil's foreign minister and other Southern delegates. Via



Campesina, a global coalition of farmer's movements disagreed with the G-22's proposals about agricultural liberalization and increasing market access, which serve to intensify the exclusion and poverty for millions in the South. Via Campesina specifically criticised direct payments and income support for agro-industry in the North that facilitate dumping of agricultural commodities on the international market and called for measures to protect Southern agriculture from low-priced imports.

Cancun's progressive result highlighted the crucial role of campaigning. Thanks to intense lobbying by civil society groups both in the north and the south developing countries took similar positions on several issues. Cancun is a landmark and holds valuable lessons for civil society groups. We hope this dossier captures the importance of incorporating trade issues onto the agenda of groups working on themes that may seem removed from the WTO

The EQUATIONS team

November 2003.



# 1.0 Context

## 1.1 What Is The WTO, Why Should We Care?

By The Associated Press

CANCUN, Mexico (AP) — The 146 governments that belong to the World Trade Organisation will hold a five-day meeting starting Wednesday in Cancun to thrash out many problems surrounding the latest "round" of trade liberalization talks.

Here, in question-and-answer form, is a look at the WTO and how it affects businesses and individuals worldwide.

Q: When and how did the WTO come into being?

A: The WTO was created as part of the treaty on the Uruguay Round of trade liberalization negotiations. The organization came into existence on Jan. 1, 1995, to replace the General Agreement on Tariffs and Trade. It employs 550 people at its headquarters, on the shores of Lake Geneva. Unlike its predecessor, the WTO has legal force and its agreements and rules are binding on all its members.

Q: What does it do?

A: It sets out the legal rules surrounding international commerce, through a series of treaties and agreements negotiated by its members. These treaties are built upon the principle that trade should be as uninhibited as possible and that a country should treat all its trading partners equally and avoid discriminating between domestic and foreign products, services or people. To ensure this, the WTO has a legal system for settling disputes between members and a





surveillance mechanism to look at trade policies in each country. It also is responsible for the occasional "rounds" of negotiations that lead to treaties to open up trade. The current round was launched in November 2001 and is supposed to finish by the end of next year, though the last round overran by several years.

Q: The phrase "free trade" is widely used and often criticized. What does it actually mean?

A: In economics, it is the principle that the global economy benefits if trade is dictated only by market forces. Countries specialize in the products that they can produce most cheaply and import those that can be produced more efficiently elsewhere.

Barriers to free trade, like import tariffs, quotas, government subsidies and complicated customs procedures adversely affect economic growth. A recent study by the University of Michigan found that cutting global trade barriers by a third would boost the world economy by \$613 billion — the equivalent of adding a country the size of Canada to the world.

Q: That sounds good. Why not just do it?

A: Because free trade creates losers as well as winners and can widen the gaps between rich and poor.

"For some parts of the world, trade has been proved to have very positive effects in the reduction of income inequality, but in other areas, like Latin America, we have seen just the opposite," said WTO Director-General Supachai Panitchpakdi.



Many industries only survive in certain countries because of subsidies or because foreign products are kept out. Governments can't afford politically to agree to a move that could destroy one of their industries, like steel in the United States or sugar in the European Union. In addition, free trade may conflict with governments' social or environmental policies.

For this reason, the WTO recognizes that countries will need time to adapt and restructure as barriers fall, so cuts are made gradually and with the agreement of all members. Because decisions made at the WTO can have a massive effect on individual countries, all decisions are taken by consensus.

Q: Why are so many groups and individuals opposed to the WTO?

A: Many WTO opponents see the organization as putting the interests of business —especially big multinationals — above those of workers, the environment and poor nations. Some groups, especially in the United States, are concerned that the binding rules of the WTC) take away a country's national sovereignty.

Even those who accept the principle of the WTO are concerned that the current system means that power lies with the big traders, especially the United States and the European Union, who can easily put pressure on smaller nations to go along with things that may not be in their interest. They also see the WTO — which always meets in private — as lacking transparency.

Small and poor countries also complain that they cannot keep up with the goings-on of the organisation, even though it is vitally important to them. Meetings have proliferated in recent years, and sometimes several take place simultaneously. More than 30 WTO members cannot afford to maintain any staff at all in Geneva and many others have only one or two officials to cover all the issues.



## 1.2 Singapore Issues And Indian Concerns

Economic Times 15 September 2003, Bangalore

What are the 'Singapore issues'?

The term refers to areas of trade and investment; trade and competition policy; trade facilitation; and transparency in government procurement, in relation to the World Trade Organization (WTO). These four issues have collectively come to be known as the Singapore issues in the context of the WTO because it was at the first ministerial conference of the WTO in Singapore in 1996 that they were first brought up as possible areas on which the multilateral body could initiate negotiations.

What is the rationale behind discussing these issues as part of trading negotiations?

Many nations that are members of the WTO felt that for international trade to be genuinely free and fair. These issues would need to be incorporated. They pointed out, for instance, that of the total global trade in goods and services of \$6.1 trillion in 1995, as much as one-third was trade within companies -between subsidiaries of the same MNC or between a subsidiary and its headquarters. Clearly, therefore, there is a considerable link between trade and investment. Yet, as things stand, while there are as many as 2,100 (UNCTAD estimate) bilateral investment treaties, there is no unilateral agreement on how to deal with foreign direct investment.

Similarly, competition policy would also have an impact on the volume of trade. One of the things an international agreement on competition policy would need to look at is cartels in various industries, which are estimated to cost developing countries billions of dollars a year due to overpricing. As for government procurement, to take just one example of how it affects trade, if a government offers an incentive for the level of indigenisation in procuring a good that clearly would affect trade.

Here again, there is a 'plurilateral' agreement, involving 28 countries, but the attempt is to reach an agreement between all 146 WTO member countries. Trade facilitation refers essentially to simplifying procedural hassles in international trade, in terms of the documentation required by customs departments and so on. Obviously, this too has an impact on trade.

Where do various countries stand on the Singapore issues? There is by-and-large a divide between the developed and the developing countries on whether these issues ought to be part of the



WTO's negotiating mandate at this point or not, and also on the contours that such negotiations should take, if at all they are held. The EU, Japan and South Korea were the ones that first pushed for the Singapore issues in 1996 and to varying degrees 'most of the developed world has gone along with them. India and other developing countries, on the other hand, are cautious about taking up these issues for negotiations.

What is India's objection to the Singapore issues?

On issues like investment and competition policy, India feels that having a multilateral agreement would be a serious impingement on the sovereign rights of countries. To an extent of course, this is inherent in any multilateral treaty, but investment is seen as an area in which ceding sovereign rights would leave governments, particularly developing country governments, with too little room for manoeuvre in directing investments into areas of national priority. These are concerns that many other developing countries also share. In addition on the specific issue of competition policy as applicable to 'hardcore cartels', India has pointed out that there is no clarity on whether these would include export cartels. The Organisation of Petroleum Exporting Countries (OPEC) is perhaps the best-known example of an export cartel that rigs prices by fixing production ceilings. On the issue of transparency in government procurement, the Indian position is that while the principle is entirely acceptable, there cannot be a universal determination of what constitutes transparent procedures. On trade facilitation India has argued that once again while the idea is unexceptionable, developing countries may not have the resources- by way of technology or otherwise to bring their procedures in line with those in the developed world over the short-to medium-term.

## 1.3 Opinion

### Time For Transformation

Feeble and corrupted, the WTO is now ineffective. It needs transformation to allow the poor of the world to overthrow the power of the rich.

George Monbiot, Monday September 8, 2003, The Guardian

The World Trade Organisation is a corrupted, co-opted, captured institution, but all those who care about global justice should be fighting for its survival. Every time we shout that the WTO has got to



go, we join hands with George Bush: he wants to destroy it because it impedes his plans for direct US control of other nations' economies.

In principle, the poor members of the WTO can and should outvote the rich ones. In practice, its democratic structure has been bypassed by the notorious "green room" meetings organised by the rich nations, by corporate lobbying and by the secret and unaccountable committees of the corporate lawyers it uses to resolve trade disputes.

All this must change, but it is now clear to me that to call for its destruction is like calling for the dissolution of a corrupt parliament in favour of the monarchy: it is to choose unilateralism over multilateralism. Our key task is not to overthrow the WTO, but to assist the poor nations to use it to overthrow the power of the rich.

In theory, the rules the WTO enforces are supposed to prevent protectionism by the rich nations while permitting a degree of protectionism by the poor ones. The principles behind this are sound. Most of the countries that are rich today developed with the help of "infant industry protection": defending new industries from foreign competition until they are big enough to compete on equal terms. The policy makes sense. Established Industries have capital, experience and economies of scale on their side; infant industries in poor nations do not. Developing in direct competition with big business overseas is like learning to swim in a torrent: you will be swept away and drowned long before you acquire the necessary expertise. Rich countries, by contrast, have no need for protectionism, but by defending their markets against imports from poor nations, they prevent the transfer of wealth.

In practice, because of the way in which the rich members of the organisation have been able to subvert its processes and bully the poor ones, the WTO does precisely the opposite. The "special and differential treatment" it offers the poor nations is both utterly feeble and routinely blocked by the IMF and the World Bank, which insist that their clients drop all their protections in order to be eligible for loans. The "technology transfer" the WTO has long promised the poor has never materialised. The rich nations, by contrast, are permitted to protect their farmers, their textile producers and their steel millers, and to grant their companies ever greater rights over other people's intellectual property.

Instead we need a clear and non-negotiable sliding scale of trade privileges. The very poorest nations should be permitted, if they wish, to fully protect their infant industries, just as Britain did during the early days of the Industrial revolution or the US between 1789 and 1913.



As they become richer, they would be forced to gradually drop those protections. The very poorest countries should also be allowed free use of rich countries' intellectual property, for trade within their own borders and with other poor nations.

These measures, of course, are fair only in so much as they permit the development of economies and the transfer of wealth between nations. They do not deal with the other great source of injustice: the corporations' ability to force nations into destructive competition, abandoning the laws defending workers and the environment in order to attract their custom. Truly fair trade requires a further set of measures: corporations should not be allowed to trade between nations until they can show that they are meeting the standards set by the International Labour Organisation and the UN.

The WTO would therefore become a licensing authority, a bit like the health and safety executive in Britain. Like those participating in voluntary fair trade today, all corporations engaged in International trade would be obliged to employ monitoring companies, which would ensure rules were respected and report back to the WTO. Any corporation employing slaves or using lethal machinery, banning unions or tipping toxic waste into rivers would be forbidden from trading internationally. If we were to add the provision that all companies should pay the full environmental cost of the resources they use, we would possess a complete mechanism for ensuring only the nice guys survive.

None of this would be possible without a world trade organisation. In helping the poor majority to pursue this agenda, we can transform the WTO from a body that enforces unfairness into one that makes economic justice the principle by which the world is run.

George Monbiot is the author of *The Age of Consent: a manifesto for a new world order* [www.monbiot.com](http://www.monbiot.com)



# 2.0 Prelude To Cancun

## 2.1 Why A Derailed WTO Ministerial Is The Best Outcome For The South - Walden Bello

Inter Press Service, 4 September 2003

BANGKOK, SEPT (IPS) - With the fifth ministerial of the World Trade Organisation (WTO) fast approaching, the organisation that was hailed at its founding in 1995 as the crowning point of global economic governance is in gridlock.

Despite an obvious effort to put a positive spin to negotiations over the last two years, the recently issued draft ministerial declaration evinces little consensus on all the burning issues dividing WTO members.

### Stalemated Talks

WTO Director General Supachai Panitchpakdi trumpeted a "successful" last minute

compromise on the contentious issue of the relationship of trade-related intellectual property rights (TRIPs) and public health in the manufacture and import of vital drugs. Many analysts contend, however, that the compromise leans more toward protecting the patent rights of Northern pharmaceutical companies than promoting access to life-saving or life-prolonging medicine for millions of people in the South suffering from HIV-AIDS and other epidemics. It is very doubtful that it can unblock negotiations in the other areas, where North-South differences as well as internecine disputes among the rich countries, are more solidly entrenched.

Prior to the compromise, the talks had been stalemated by the US' refusal to budge from its position that loosening of patent rights should be limited only to HIV-AIDS, malaria, and tuberculosis drugs, defying the declaration of the Fourth WTO Ministerial in Doha, 2001, which clearly placed public health issues above corporate intellectual property rights.

A last-minute attempt by the European Union and the United States to set up a negotiating framework to revive the stalled talks on agricultural liberalisation appears to have backfired, as developing countries bitterly criticised the two trading superpowers for regressing to their behaviour during the last years of the Uruguay Round (1986-94), crafting a backroom deal with no participation from the 144 other member countries.

Brazil, India, and China —the powerhouses of the developing world— immediately responded with a paper telling the Europeans and Americans to quit beating around the bush and radically cut the high levels of subsidisation responsible for the dumping of cheap grain and meat on world markets that is putting hundreds of thousands of developing country farmers out of business.

There has been no movement whatsoever on negotiations to ring under WTO jurisdiction the

so-called "trade-related" issues of investment, competition policy; transparency in government procurement, and trade facilitation, which Brussels and Washington have regarded as the centerpiece of the Doha Declaration. Indeed, there is fundamental disagreement over whether or not there is a mandate to even begin negotiations. The developing countries assert that the "explicit consensus", of each member country must be obtained to launch negotiations. The European Union (EU) and other developed countries, on the other hand, claim that there is already agreement to negotiate and it is only the "modalities" of the negotiations that need to be ironed out.

## The Civil Society Factor

Some observers say that the three key ingredients of the "Seattle scenario" are emerging, alluding to the "formula" that produced the famous collapse of the Third Ministerial in Seattle in December 1999:

The EU-US stalemate in

agriculture is again at centre-stage;

Developing countries are more resentful than ever;

Civil society is on the move.

The civil society factor must not be underestimated. The numbers are not clear, but at



least 15,000 people from all over the world may show up in Cancun. This would be the equivalent of five percent of Cancun's population of 300,000 — a critical mass if any. At the moment, up to 10,000 peasants led by the Mexican farmers' group UNORCA and the global peasant federation Via Campesina are planning to march to the Convention Centre located in the restricted section of the hotel zone to deliver a message to the ministerial assembly demanding that the WTO "get out of agriculture". Another coalition called "Espacio Mexicano" is setting up a week-long "Forum of the People" that will climax on September 13 with a march coordinated with demonstrations in scores of other cities throughout the world on the theme "Against Globalisation and War".

Perhaps the most significant development is the decision of the Zapatistas, the armed insurrectionary force based in indigenous and peasant communities in the forests and highlands of Chiapas in southern Mexico, to throw their weight behind the protests. "If the Zapatistas join the mobilisation against the WTO, then because of their great prestige throughout Mexico, the whole situation will be transformed," says Hector de la Cueva, one of the coordinators of Espacio Mexicano. With thousands of Mexicans inspired to

go to Cancun and anti-WTO actions throughout Mexico, the Zapatista decision could transform what is still seen by most Mexicans as a foreign gathering in a "Yankee tourist colony" into a massive national protest.





Mexican authorities are agitated, despite efforts by leaders of the international movement against corporate-driven globalisation to assure them that their demonstrations and meetings will be nonviolent. It turns out, in fact, that the federal government has been compiling an "enemies' list" of people to closely monitor during the ministerial. Leaked to the press in mid-August, the government memo contains about 60 names, among them Ecuadorian Indian leader Blanca Chancoso, Indian physicist Vandana Shiva, and American agro-ecologist Peter Rosset, who were designated as "ultras."

## Institutional Crisis

The current travails of the WTO are a continuation of the institutional crisis that first broke in Seattle in December 1999, triggered by resistance of civil society groups to the WTO's drive to subordinate critical dimensions of social life to corporate trade, by developing countries' resentment of a few developed countries imposing a doctrinaire global liberalisation programme inimical to their interests, and by the widespread reputation of an undemocratic decision-making structure.

The depth of the 'reform needed was underlined by then UK Secretary of State Stephen Byers a few days after the Seattle collapse: "The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members."

No reforms followed in the wake of Seattle, and only US-EU strong-arming of the developing countries in the context of the 9-11 events produced a declaration mandating a limited set of negotiations to further trade liberalisation during the Fourth Ministerial in Doha, Qatar, in November 2001. But the so-called 'Doha Round' quickly degenerated into a stalemate.

## Crisis of Globalization

The WTO's institutional crisis, however, is itself a reflection of an even deeper, more comprehensive crisis—that of the globalist project of accelerated integration of production and markets. One key trigger of this crisis was the Asian financial crisis of 1997, which brought home the lesson that the capital account liberalisation that was a centerpiece of the globalist ideology could be profoundly destabilising, resulting in such tragedies as that of Indonesia, where 22 million people fell below the poverty line in the space of a few weeks.





This discrediting of the presumed benefits of unfettered capital mobility could not but provoke a wide-ranging examination of the claims of another key tenet of the globalist project: that trade liberalisation promoted prosperity. The results of many investigations of this assumption carried out in the late 1990s were perhaps best summed up by World Bank researchers Matthias Lundberg and Lynn Squire: 'The poor are far more vulnerable to shifts in relative international prices, and this vulnerability is magnified by the country's openness to trade. At least in the short term, globalisation appears to increase both poverty and inequality.'

As the doctrine and institutions of capital mobility and trade liberalisation were increasingly eroded by a crisis of legitimacy, the globalist project was further undermined by another momentous development: the stock market collapse of March 2000, which inaugurated an era of global recession and deflation brought about by the excesses of speculative capital as well as global overproduction. Faced by an era of scarcity, rising joblessness, and slow growth, economic elites in both Europe and the US have increasingly turned





away from promoting the project of an integrated global economy, with obstacles to capital and trade flows reduced to a minimum that served the universal interests of the global corporate class, and moved towards policies of protecting the interests of national or regional capitalist elites.

The EU-US conflicts over agriculture, steel tariffs, pharmaceuticals, GMO's, aircraft subsidies and Microsoft's practices in Europe reflect this rising protectionism in both Brussels and Washington. These economic conflicts have been exacerbated by the divergent political paths on Iraq and the Middle East taken by the US and the cornerstone countries of the EU - -Germany and France— which have unraveled the "Atlantic Alliance" that won the Cold War against the Soviet Union.

Bush's unilateralist economics, in particular, marks a turning away from the condominium of global capital that underpinned the multilateral institutions —the IMF, World Bank, and WTO-during the Clinton era. It is a response to the crisis of the globalist project that, with its brazen defense of US corporate capital exemplified in its stand on TRIPs and public health, is likely to deepen that crisis and the crisis of the multilateral institutions that were used to advance the globalisation agenda. For with the EU and the US at loggerheads on a whole range of issues, it has become that much more difficult for both to mount a coordinated strategy to split and intimidate developing countries at the WTO on matters where the two capitalist centres share a common interest, like pushing through a WTO-enforced investment agreement, which the developing countries have stubbornly opposed.

## False Choices

With the WTO framework failing, both the EU and the US have turned to bilateral and multilateral trade agreements as a vehicle for liberalisation that would serve their particular interests. The race is on, and the US appears to be ahead. Washington recently announced free trade agreements (FTA) with Chile and Singapore, and this coming October it will unveil an FTA with Thailand at the Asia Pacific Economic Cooperation (APEC) summit in that country. Moreover, over the last two years, the Bush administration has devoted far more effort to concluding the Free Trade of the Americas (FTAA) than to jump-starting the WTO.

Developing countries are just as wary of FTA's as of they are of the WTO, recognising that they are just as much guided by the hegemonic interests of the stronger partners.



To those who argue that the WTO is better for developing country interests than FTAs because it has institutionalised rules and procedures that constrain the more powerful countries, developing country analysts such as Aileen Kwa, Geneva representative of Focus on the Global South and author of the expose "Behind the Scenes at the WTO", point to rich country governments' systematic intimidation and coercion of Southern countries in the last few years in an attempt to pry open their markets, hiding behind a thick veil of non-transparency.

Indeed, developing countries must cease allowing themselves to be boxed into such false choices and start working on real alternative arrangements, such as creating regional economic blocs or restructuring economic existing ones such as Mercosur and ASEAN to serve as effective engines of coordinated economic progress via policies that effectively subordinate trade to development.

## Failure is Success

One cannot discount that despite their deepening differences, the US and the EU may still pull together to coerce developing countries into approving new initiatives in trade and trade-related liberalisation in Cancun

However, the increasingly likely scenario is a ministerial that will produce no agreements for significant new liberalisation and essentially reproduce the stalemate in Geneva. For developing countries constantly under siege to open their markets or cede control of areas thus far the preserve of national policy-making —like investment and competition— to the Washington and Brussels-dominated WTO, a failed, stalemated ministerial is the best outcome. It gives them the breathing space to organise and coordinate their defense and allows them and global civil society the opportunity to mount the reversal of corporate-driven globalisation that even the free-trade mouthpiece Economist sees as a very real threat to the future of capitalism because of the "excesses" of global capital.

## 2.2 WTO Virodhi Bharatiya Jan Abhiyan

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### Press Release

27th August 2003

A delegation of WTO Virodhi Bharatiya Jan Abhiyan (Indian People's Campaign against WTO) consisting of Shri V.P. Singh, Shri H.D. Devegowda, Shri I.K. Gujral, Aboni Roy (RSP), Shri Debabrata Biswas (All India Forward Block), Shri M.K. Pandhe (CITU), Shri A.K. Anjan (CPI), Ms. Srilata Swaminathan, (CPI-ML), Shri Shri S.P. Shukla (Coordinator, IPCAWTO), Dr. Va~dana Shiva (RFSTE), Ms Amajit Kaur (AITUC) and Shri Ashok Rao (NCOA) met with the Prime Minister in his office at 5:30 pm on 26th August 2003. The Commerce Minister was present at the meeting.

The delegation stressed the following five-point charter of demands formulated by the Abhiyan:

- Government must not allow the issues of investment; competition policy; government procurement; and trade facilitation to be negotiated in WTO.
- Government must not put on offer the sectors such as water, energy, health and education in the on-going negotiations on services.
- An unprecedented agrarian distress is being experienced in the country. Anti- peasant, anti people policies of Government have engendered the crisis. Exposure of Indian agriculture to the notoriously volatile and highly distorted global agriculture market is aggravating the crisis. The WTO perspective on agriculture and the so-called international discipline that is evolving there on agriculture, are totally detrimental to the interest of the vast majority of our people consisting of small and marginal peasants, the agricultural workers, the rural and urban poor. In the circumstances, we insist that the Government recognize the crisis situation in agriculture, put an end to their anti-people policies, and, in particular, firmly reclaim and assert our unqualified right to impose quantitative restrictions on imports to promote the development of our agriculture and to safeguard the livelihood of seventy percent of our population.



- Since the issues now being brought up in WTO negotiations fall within the Concurrent List of our Constitution, there should be full consultation with the State Governments and no substantive move should be made without such consultation.

- Above all, the fundamental questions such as employment prospects, food security, the safeguarding of the livelihood of the overwhelming majority of our people, the provision of basic services and infrastructure and the federal spirit of our polity are involved, there can be no question of such negotiations being carried on without taking Parliament into confidence and without its explicit approval of the Government stand. If that necessitates Constitutional amendment, it must be brought about.

In the course of discussions that followed, Shri V.P. Singh welcomed the formation of the Group of seventeen developing countries including India, China, Brazil, Mexico, South Africa, Argentina, Thailand and others in the context of the negotiations on agriculture. It was however pointed that the joint paper submitted by the Group needs strengthening as regards the right to use quantitative restrictions, which is of vital importance in our context. It was also suggested that the emerging solidarity of developing countries needs to be

strengthened not only on the issue of agriculture but across the board, particularly in regard to the opposition to the so-called Singapore issues.





It was also stressed that the Government should undertake a comprehensive review of how the operation of WTO over the last eight years and the implementation of economic reforms over the last decade have adversely affected our industry, the working classes, our agriculture and the majority of our people. The political and constitutional implications of the WTO negotiations in the context of issues like agriculture, education, health, energy were pointed out and the Prime Minister was urged to convene a conference of State Agriculture Ministers forthwith before formulating the government stand on agriculture for the Cancun WTO meeting. The delegation stressed that the process of commodification of education, health, water must be resisted. The serious implications of the growing corporate monopoly on seeds were stressed. In this context the attention of PM was drawn to the havoc caused by the Monsanto hybrid maize seeds in Bihar. It was pointed out how the developed countries have been allowed to side-step the debate on the dangerous implications of TRIPS agreement in respect of bio-diversity, piracy of traditional knowledge and growing monopoly of multinationals on seeds. The need to insist on a thorough-going review of TRIPS which was provided for in the Doha declaration was stressed.

The Commerce Minister who responded at PM's instance said that there was growing dissatisfaction among developing countries about the EU-US stand on agriculture. He however felt that the present level of tariff in agriculture products provided adequate "comfort" and the effort of government would be to maintain that level. As regards the Singapore issues he said that concerns about the implications of the multilateral disciplines in these areas were being felt widely in developing world and hoped to continue the stance of opposition/questioning in regards to these issues at different levels. He also felt that broadly a national consensus seems to be emerging on the issues facing the country in the context of the forthcoming WTO meeting at Cancun.

Shri V.P. Singh reiterated that the tariffs constituted a very weak and ineffective instrument for safeguarding our agriculture as the negotiations would inevitably lead to their being reduced to low levels. On the other hand, the degree of subsidization of agriculture in EU and US was not only enormous but also continued to grow under one name or the other. In the circumstances, it was crucial to reclaim and assert the right to impose quantitative restrictions on agriculture products to safeguard the livelihood of our people.



## 2.3 Call To Cancun: Halt The GATS Negotiations. Take Essential Services, Such As Water, Out Of The WTO.

### Civil Society Submission To The World Trade Organisation's (WTO) 5<sup>th</sup> Ministerial Conference In Cancun, 10-14 September 2003

As trade ministers from the WTO's 146 member countries meet in Cancun, we call on them to halt discussions on the General Agreement on Trade in Services (GATS) and to resist any contrary attempts which seek to speed up these negotiations. The United States and the European Union, whose corporations have most to gain from these talks, are pushing for a political declaration in Cancun calling on all WTO members to submit their services, including essential services, to the GATS. For these corporations, GATS promises access to new markets and enhanced rights.

In Cancun, promises made by developed countries in other WTO areas will be used to extract progress on GATS, even though GATS is not a key agenda item. This puts immense pressure on developing countries to commit more of their services, including basic services such as water, to the WTO's binding trade rules.

The GATS proponents repeatedly frame their ambitions in the context of development. They refer to the 'Doha Development Agenda'. In water specifically, the EU publicly claims that current negotiations, 'could potentially contribute to international efforts to improve access to water.' Yet in confidential internal memos between the European Commission and the top three European water companies (Suez, Vivendi and RWE), the EC states that, 'one of the main objectives in the current round of negotiations is to achieve real and meaningful access for European service providers for their exports of environmental services [which includes water services].'

In July 2002, as part of ongoing GATS negotiations, the EU submitted demands to 109 countries, requesting ambitious levels of market access for its corporations. This included requests to 72 countries, several of them least developed countries, requesting access to their water services. The US also submitted extensive and controversial demands, which under the guise of 'transparency' render domestic decision-making vulnerable to foreign commercial interests.

Developing countries have every reason to resist such far-reaching demands. So far, the liberalisation of water services has caused grave problems in countries where the involvement of foreign multinationals has typically made water more expensive than poor households can afford.

Any country making GATS commitments in water would bind such liberalisation for the future, making it effectively impossible for it to withdraw, even if service provision is unaffordable to the poor, the water service is of poor quality, or a future government wishes to change the policy.

The United Nations Sub-Commission on Human Rights, concerned with the effect of GATS on universal service obligations, suggests that GATS conflicts with the human rights obligations, of WTO member countries. Barely a year ago at the UN World Summit on Sustainable Development in Johannesburg, heads of the governments made commitments to halve the proportion of people without access to water and that of those without access to sanitation by 2015. But the evidence from many communities, especially those in the developing world, is that the global water crisis will worsen if water is subjected to WTO rules that put corporate interests ahead of the right to water as fundamental to life.

In order to make these obligations a reality we call on Ministers meeting in Cancun to halt the current GATS negotiations and keep essential services, such as water, out of the WTO.

## 2.4 Press Release

### Stop the GATS attack!

Moratorium on all commitments under General Agreement on Trade in Services (GATS)" is the demand of more than 650 signatories including Panchayat Presidents and representatives, trade unions, farmers groups, mass organizations, NGOs and a large number of individuals in the country. They have voiced this demand by endorsing a letter prepared by EQUATIONS (Bangalore), MANTHAN (Badwani) and Focus on the Global South (Mumbai). This letter, which will be presented to the Prime Minister and Commerce ministry officials, signals the beginning of a people's campaign against the GATS.



Among the trade unions and mass organizations that have made this demand are the All India Trade Union Congress (AITUC), National Alliance of Peoples Movements, Mumbai Grahak Panchayat, Shahar Vikas Manch of Mumbai, Kokan Vikas Sangharsh Samiti, KRRS (Karnataka), the Nimad Malwa Mazdoor Kisaan Sangathan (Madhya Pradesh) and others. Significantly, more than 200 Panchayat representatives from Tamil Nadu and Andhra Pradesh have already written to the Prime Minister.

As part of the "built-in-agenda" of the World Trade Organisation (WTO), the GATS was reopened for negotiations by the beginning of 2000. From the arduous negotiations on modalities emerged a non-multilateral mechanism known as a "request-offer" approach for proceeding ahead with negotiations under the GATS. Member countries of the WTO were asked to make "requests" to other Member countries, which include: (a) the sectors that they want the other Member(s) to open up to liberalisation (b) the mode of service supply to be opened up under that Sector; and (C) the quantum of liberalisation that needs to be carried out under each mode of supply within that sector. The Members are responding to these requests by making "initial offers" This has overwhelmed most developing countries, at a time when they have been pushing the WTO to implement an assessment of impacts of services trade liberalization.

Why moratorium on GATS offers?

GATS covers more or less all the essential public and private services supplied and consumed by society. In spite of this fact, the Government of India is not carrying out a public debate in any forum, including the Parliament, to discuss how its commitments under GATS would impact the developmental fabric of Indian society. Irrespective of the fact that a number of services get covered under the State and Concurrent List of the Indian Constitution, several State level officials are completely unaware of the GATS itself. If this is the apathy shown by the Centre towards States, nothing better can be expected in the context of Panchayats and Municipal Corporations. Panchayat Presidents and representatives were shocked when they were confronted with the experiences of liberalisation in essential services such as health, education, sanitation and water in other developing countries.

The lack of transparency associated with the existing liberalisation agenda, the undermining of federalism and the lack of competence within the Commerce ministry are some of the several issues highlighted in the letter, and underline the need for a standstill in the

negotiations.

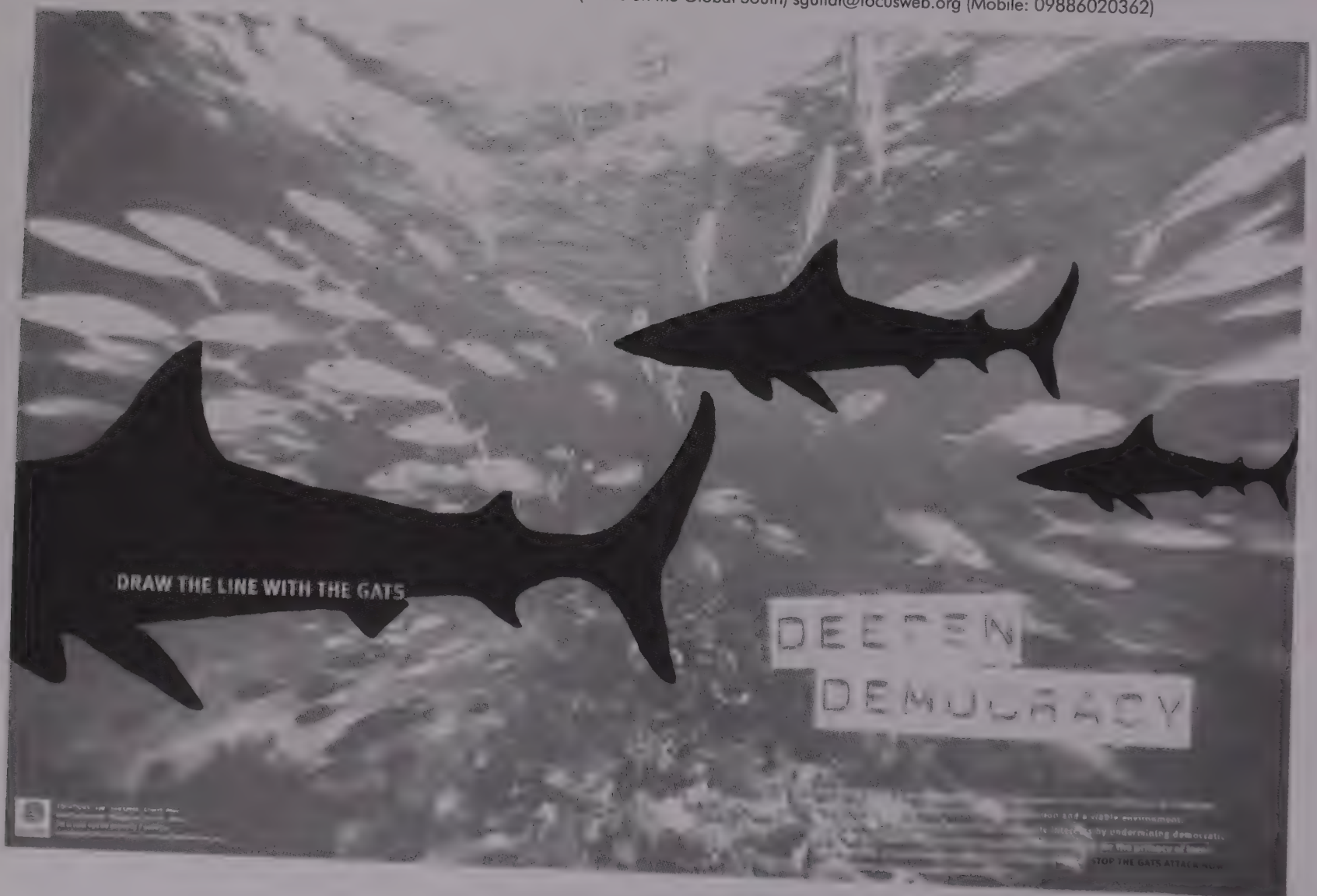
The upcoming Fifth WTO Ministerial meeting in Cancun is expected to provide the mandate for further negotiations and provide a deadline for final commitments. The demand from Indian civil society is that instead of accepting this process as a fait accompli the Government of India should lead the developing countries in calling for the much-needed assessment of GATS and removal of all essential services from the ambit of the GATS.

The signatories to the letter believe that the right to essential services is inalienable to all citizens of India. Further, equity, justice and dignity in the delivery of essential services is integral for long-term societal stability and equality. Signatories to the letter call upon the Indian Government to respect the Indian Constitution and fundamental principles of democracy and act upon the concerns expressed in the letter.

For further details kindly contact:

Benny Kuruville (EQUATIONS) [bennyk@equitabletourism.org](mailto:bennyk@equitabletourism.org) (080.91.5244988)

Shalmali Guttal (Focus on the Global South) [sguttal@focusweb.org](mailto:sguttal@focusweb.org) (Mobile: 09886020362)





# 3.0 From The Conference

## 3.1 Cancun Number Crunching Undermines Claims Of WTO Democracy Massive Negotiating Inequality Reinforces Rich Countries' Hand

World Development Movement, PRESS RELEASE,

For immediate release: 10 September 2003

The World Development Movement (WDM) today (10 Sept) revealed that the EU has a massive 651 people in its delegation at the World Trade Organisation Ministerial meeting in Cancun, Mexico. This compares with Rwanda who has just three delegates. WDM also calculated that the two richest delegations, the EU (651) and the US (212), representing approximately 10% of the world's population, have a total combined delegation of 863, over three times the total of 235 for China, India, Brazil, Argentina and South Africa who collectively represent 51% of the world's population. It is also over twice the negotiating strength of the combined delegations of the 30 Least Developed Country members of the WTO (377).

The total number of delegates from the seven richest nations, the G7, in Cancun is 805

Barry Coates, WDM's Director, said: "The vast disparity in the sizes of delegations is yet another indicator that the odds are stacked against the poorest nations in the negotiations at the Cancun Ministerial. Combined with the deeply unfair negotiating process, the

developing world has little chance to achieve fairer trade rules. The one member one vote ideal of the WTO so often cited by its defenders collapses under the reality of the massive inequalities in negotiating strength."

"The EU's massive delegation is much larger than the 594 it sent to Seattle and 502 in Doha. This was condemned as a negotiating mismatch too far between rich and poor countries. Some compared it to putting Mike Tyson into the ring with a small boy. Now Mike Tyson has a twin brother."

"This is yet another example of why developing countries urgently need democratic reform of the WTO to strengthen their hand and protect them from being trampled by the trade elephants."

Note: Delegation numbers include both NGOs and business advisors.

Press releases and analysis are available at [www.wdm.org.uk](http://www.wdm.org.uk)

## 3.2 Why Are We Protesting Today?

Press release by Participants in the peaceful protest at the Cancun Convention Center, Sept. 10, 2003.

Our act of protest today is one that is meant to symbolize the fact that peoples throughout the world have turned their backs on an institution that has become a source of global poverty, inequality, disempowerment, and environmental crisis.

Once presented as the premier institution of economic global governance of the 21st century, the actions of the WTO over the last eight years—moves taken at the behest of the powerful corporate interests in the United States and the European Union—have revealed it to be nothing but an instrument of corporate power.

### The WTO is undemocratic

Through its use of non-transparent decision-making mechanisms, the WTO has shown itself to be in violation of the basic rules of democracy. In the WTO, parliamentary institutions are reserved for speechmaking while real decisions are taken in informal, restricted "Green Rooms" and "mini ministerial" whose participants are handpicked by a few powerful governments, foremost of which are the United States and the European Union. The vast majority of the 146 member countries of the WTO are developing countries. Yet the strong rule because there are no democratic rules that govern decision-making. This is a 15<sup>th</sup> century institution that is masquerading as a 21<sup>st</sup> century organization.





## The WTO is anti-development

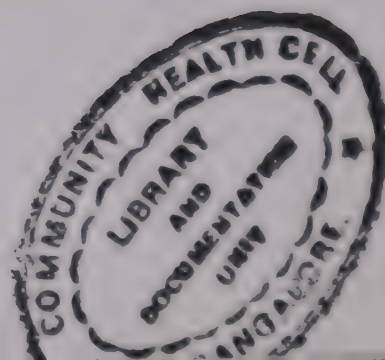
The free trade biases that the WTO promotes are really mechanisms that allow the corporate monopolies to pry open and monopolize developing country markets by suppressing efforts at national development. The dumping of highly subsidized agricultural products of agribusiness interests that is institutionalized in the WTO's Agreement on Agriculture (AOA) is destroying the agricultural sector of developing countries. The Trade related intellectual Property Rights (TRIPS) Agreement is nothing but a corporate mechanism to privatize and profit from knowledge, even if the price are the deaths of millions of people owing to their lack of access to critical medicine. Last week's so-called "agreement" simply perpetuates this.

Membership in the WTO makes it impossible for developing countries to use control of their external trade via tariffs and quotas as part of a strategy of development. This use of trade policy for development was used by earlier developing societies including the United States, many European countries, and Japan. Today, not only is the use of trade policy for industrialization effectively outlawed by the WTO regime, but the hegemonic powers in the organization, the EU and the US, are making a determined drive to bring under "WTO discipline" other mechanisms that have long been used by governments as key instruments of national economic development: investment policy, competition policy, and government procurement policy.

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Aside from paving the way for transnational corporate control over vital services such as water and education, the WTO's General Agreement on Trade in Services is really an investment agreement masquerading as a trade agreement, and its removal of restrictions on foreign investment in services will lead to one more vital area of the economy detached from national development policy.

The WTO is obsolete.

The corporate principles that guide the WTO, which put profits over human rights, social equity, democracy, and ecological equilibrium, are the pillars of a paradigm that is obsolete and unsustainable. Implementation of this economic paradigm has resulted in vastly greater poverty, inequality, and environmental destabilization in the South and North over the last two decades. The WTO is part of a system of global economic power whose time has passed. Moving forward to serve the interests of people and the environment means embracing economic principles that put people, community, and the environment over profits. Moving forward means leaving the WTO behind.

Join us in turning our backs on an undemocratic, anti-development, and obsolete institution.

### 3.3 Urgent Memo, 13 September 2003

This is the copy of a memo found in the US and EU press boxes at the WTO Convention center. Picked up by a number of journalists, it was soon obvious that it was a fake planted by a civil society organisation. The issues raised in the memo although are not far from the truth.

From: Pascal Lamy and Robert Zoellick

To: International Chamber of Commerce (ICC), the European Services Forum (ESF), the Confederation of British Industry (CBI), National Foreign Trade Council (NFTC) Federation of German Industries (BDI) and others

Re: Progress on your wishes for new issues and services at Cancun negotiations

Dear Sirs

2<sup>nd</sup> draft Ministerial text out today is even better than expected. Have ignored majority of world's countries just as you instructed. Brief summary below re your main objectives

#### Investment in

You said you wanted investment negotiations in and some tough investor protection. Investment is in and so is the clever phrase "other





elements raised by members" so things like investor to state disputes and portfolio investment can still be covered. You should profit from that!

## Kill off competition

We took your hint when you said "ICC urges agreement in Cancun to push forward these negotiations and finalize the negotiating agenda to include the key issues of investment, trade facilitation and government procurement" You deliberately left out competition so we have left our opinions open on that.

## Trade facilitation and Government Procurement in

In despite the complete lack of explicit consensus and concern by developing countries. This should keep you happy and ensure southern markets in particular are opened up for all your members.

## Link to progress on Agriculture

You will really like this one — a footnote in the text means that trade-offs between agriculture and investment can proceed. Thanks for the tip.

## Accelerated Services Negotiations

We thought we might have to halt and review GATS but now it's on a fast track and developing countries under further pressure to submit offers. ESF you reminded us that "In economic terms, services are significantly more important than agriculture, and the ESF urges the WTO members to be as flexible as possible in agriculture negotiations. The agreement on the Common Agricultural Policy as well as the reasonable Joint EU-US Negotiating Proposal should make it easier to achieve positive progress at the talks in Cancun and thereafter" so we've tried to look like we are doing something on agriculture without actually giving anything away.

Will keep you posted as things proceed. We regularly check your positions on [www.investmentwatch.org](http://www.investmentwatch.org).

### 3.4 African Parliamentarians Denounce WTO Manipulation

PRESS STATEMENT, For immediate release: September 14, 2003.

A strongly worded press statement that was signed by a number of African parliamentarians who were at Cancun. While European Parliamentarians (especially the Greens) also issued strong statements against their trade commissions manipulations, Indian MPs were conspicuous by their absence.

We African parliamentarians denounce the on going WTO negotiations which have been characterised by blatant manipulation by developed countries in total disregard of the interests and voices of African countries. The draft text currently under discussion is unacceptable to us because it condemns millions of Africans to perpetual underdevelopment and abject poverty due to its failure to incorporate the major concerns of Africa.

We abhor the total lack of transparency through a carefully orchestrated Green Room process designed to brow-beat our Ministers into agreeing to an outcome that secures the interests of developed countries while totally ignoring the critical development concerns of our constituents.

In the early hours of this morning, we witnessed our Ministers come under intense pressure when they were dragged into an impromptu mini - Green Room meeting starting at 1.00 am from which their expert trade advisers were barred. This meeting dragged on until 4.00am this morning. We view this as an underhand tactic to coerce our Ministers towards a pre-determined and desired outcome that secures the interests of the United States and the European Union while our countries' interests remain on the parking lot.

As elected representatives of our people, we condemn the role of the WTO Secretariat in facilitating this undemocratic and non transparent Green Room process. In particular we are dismayed at the unrepresentative nature of this process where the selection of participating countries is both unclear and undefined and thus, unacceptable to us.

We condemn the move by the United States and the European Union to use the so called Singapore issues to distract the attention of this Ministerial Conference away from making tangible commitments particularly on their trade distorting agricultural subsidies.

We urge our Ministers here in Cancun to remain firm in their key demands and not to join in any consensus on an outcome that will undermine the development interests of our countries.



As representatives of our people we shall faithfully and steadfastly play our oversight role here in Cancun and if need be, we shall ensure that our Parliaments do not ratify any outcome that is unacceptable to our countries' interests and to our constituents.

For further information contact:

Sheila Kawamara-Mishambi, Member of Parliament, East African Legislative Assembly — Tel. 9988446728

## 3.5 Reject the Ministerial Text

Press Statement issued in Cancun, Mexico dated 14 September 2003

The draft ministerial declaration text [JOB (03)150/rev, 2] is all TAKE and no GIVE as far as developed countries are concerned. It renders the Doha pre-condition of "explicit decision by consensus" meaningless and flies in the face of the unambiguous opposition of a large number of developing countries to commencing negotiations on the so-called Singapore issues. The ruse of a decision that the Working Group will be convened in a Special Session "to elaborate procedural and substantive modalities" for negotiations on investment will deceive none: It is tantamount to assuming "an explicit consensus" which does not exist. The story is similar in regard to "Competition policy". In regard to "Government Procurement" and "Trade Facilitation", the draft does not even attempt to conceal its intention: It straightaway calls for negotiations. Moreover, it prejudices the applicability of Dispute Settlement Procedures. And in that it implies more than what meets the eye. It is only a thin end of the wedge to bring in MFN and National treatment eventually.

In regard to Agriculture, the text offers virtually an array of empty boxes which will presumably be filled in leisurely by EU and USA, as they wish, in Geneva. The "Blue Box" remains in tact, with an undefined idea of "capping it", not knowing how high the peg will be set to hang the cap on and how long it may take to bring it a few notches down. The "Green Box" virtually remains untouchable, with a ritual reference to minimal discipline, if at all. Developing countries will have little defensive mechanism of protection left with them, except a longer time -schedule for reducing tariffs and admittedly a restricted list of Special Products. SSM (Special Safety Mechanisms) would be available to them only at the price of allowing it to be retained by developed countries also! As far as India is concerned, the right to

impose quantitative restrictions on imports is essential to safeguard the livelihood of seven hundred million people dependent on agriculture and allied occupations. Indian Agriculture is facing an unprecedented crisis. And the draft declaration is totally oblivious of what is absolutely essential to save it from disaster.

On the priority issues of "Implementation", the draft offers nothing by way of priority. Indeed it relegates those issues to the Geneva processes as "business —as- usual". Even for S and D, the same treatment is applied.

On the issue of Services, the aim of the negotiations has been reduced to "progressively higher levels of liberalization" when GATS itself recognizes the development dimension explicitly and unambiguously. There should have been recognition that provision of services like Education, Health, Water Supply, which constitute the basic human rights, can not be allowed to be commodified and, therefore , such sectors should be taken off from the negotiating process. There is no awareness of this important aspect in the draft declaration.

It is acknowledged on all sides that there is lack of relevant statistics that makes it impossible for developing countries to assess the costs and benefits of services liberalization in various sectors. There is a mandatory provision in GATS for making such an assessment before starting on a new round of liberalization. However, this basic shortcoming is ignored and the negotiations are sought to be pushed at full speed.

All in all, the draft declaration is a blatant exercise in sell-serving tactics of the trade majors. What is worse, it shows complete lack of sensitivity to the concerns of the vast majority of the peoples of the world. It deserves to be rejected outright.

Sd/ /, S.P.Shukla ,Convener, IPCAWTO, New Delhi, India  
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# 4.0 Agriculture

## 4.1 Biggest US Growers Pocket 71% Farm Sops

9 September 2003, Reuters, Washington

The biggest American farmers received 71% of US farm subsidies since 1995, environmentalists said on Tuesday in a report that could fuel the fight in Congress for tighter limits on farm supports. Activists say mammoth payments to large operators gives them the cash to outbid their smaller neighbors for land and equipment. The result is higher operating costs, they say, but no improvement in farm income. According to the Environmental Working Group (EWG), a Washington based activist organisation, the top 10% of US growers collected an average \$278,932 a year. Their share of payments steadily grew from 1995, when the elite groups of farmers got 55 % of government payments.

Billions of dollars are funneled to American grain, cotton and soyabean growers each year. Farmers and ranchers also receive federal money to idle environmentally sensitive land or to control manure run-off from fields and feedlots.

Riceland Foods, a 9,000 member co-operative in Arkansas, was the largest subsidy recipient in 2002 with \$110 million.

The subsidy list indirectly included Bernard Ebbers, the former chief executive of telephone company World-Corn, which filed the largest bankruptcy case in history last year. Ebber was part owner of Joshua Timber, which got \$44,761 since 1995, mostly for land conservation. Ebbers was not shown as receiving money directly. The EWG released its report as the WTO was meeting to discuss how to cut farm subsidies.

—Reuters

Top programs in the United States, 1995-2002"

Rank	Program	Number of Recipients	Subsidy Total
1	Corn Subsidies	1,365,459	\$34,552,627,460
2	Wheat Subsidies	1,144,887	\$17,247,966,489
3	Conservation Reserve Programme	627,618	\$13,018,173,430
4	Soybean Subsidies	791,340	\$10,967,530,537
5	Cotton Subsidies	204,182	\$10,663,566,847
6	Rice Subsidies	54,403	\$7,795,799,116
7	Sorghum Subsidies	512,005	\$3,193,985,171
8	Livestock Subsidies	656,255	\$2,256,567,708
9	Dairy Program Subsidies	142,860	\$2,018,407,457
10	Barley Subsidies	301,554	\$1,411,386,147
11	Peanut Subsidies	67,063	\$1,265,735,609
12	Environmental Quality Incentives Program	84,723	\$542,457,791
13	Tobacco Subsidies	342,143	\$479,469,789
14	Sunflower Subsidies	40,688	\$377,346,688
15	Sugar Subsidies	8,036	\$299,778,377
16	Oat Subsidies	570,596	\$183,445,543
17	Apple Subsidies	8,457	\$169,437,769
18	Wool Subsidies	64,847	\$156,192,611
19	Canola Subsidies	14,513	\$151,361,010
20	Sheep Meat Subsidies	27,704	\$55,827,008

Source: "Top programs in the United States, 1995-2002", at <http://www.ewa.org/1995-2002.htm>,  
,<Retrieved on October 18<sup>th</sup> 2003>



# Facts about Unfair Trade

## Agriculture

- USA and European Union governments spend \$ 1 billion a year on agricultural subsidies, six times more than they spend on aid.
- The developed world spends \$300 billion on subsidies to farmers every year. Much has been made of figures showing that more than \$2 a day in subsidies goes to every European cow, while half the world's people live on less than half that.

## Milk

- European dairy industry is swimming in a sea of subsidies. The Europeans spending \$16 billion a year on subsidizing the dairy industry. This is equivalent to each European cow receives \$2 a day subsidy just to chew grass. This makes these cows better off than half the world's population who live on less than this. (1.2 billion people in developing nations who lives on less than \$ 1 a day).
- The EU places a 50 % tariff on imports of skim milk from developing nations. The EU refusing to change this unfair system and has postponed any decision on curtailing milk subsidies until 2007.

## Cotton

- The \$ 4 billion that the 25,000 US cotton farmers receive is more than the entire national income of Burkina Faso, a country in which more than 2 million people depend on cotton production and where over half of farmers live below the poverty line.
- USA subsidies have devastated the cotton farming communities and economies of West African countries such as Burkina Faso, Mali, Chad and Benin. In Benin alone 25,000 people will fall below the poverty line because of falling cotton prices.
- African farmers are the most cost effective producers of cotton. And yet they are unable to compete with the highly subsidized cotton exported from the US.
- Africa economies lost \$300 million in 2001-02 because of depressed world cotton prices. This loss is a quarter of what is received in America aid.

## Corn

- In 2001, the US paid its corn farmers \$US 10 billion in subsidies, around ten times Mexico's total agricultural budget.
- USA corn is dumped in Mexico at between \$105 m and \$ 145 m a year less than the cost of production. Since 1994 the price for corn has fallen over 70 % and subsidized USA corn exports to Mexico have expanded three fold. These exports now account one third of the Mexican domestic market.

Source: "Fact sheet" from <http://www.caa.org.au>

## 4.2 Mr. Lee Kyung Hae

La Jornada, (Mexico), September 23, 2003 ,by Luis Hernandez Navarro

Translated from Spanish by  
Gisela Sanchez, Paulina Novo,  
Ana Mateos and Peter Rosset  
(Food First). Original Spanish  
version at: <http://www.foodfirst.org/medialnews/2003/jornada-lee.html>

Before Lee Kyung Hae set out to meet his death in Cancun, he visited his wife's grave and mowed his lawn. On September 9th, along with his Korean companions, he carried a symbolic coffin of the World Trade Organization (WTO) along the streets of "Vipers nest" (what the name "Cancun" means in the Mayan language), while delivering his political will and testament. The following day — Chusok day (the date that commemorates the dead in Korea) — he climbed the police barricade which separated the multitude from the palatial meeting place of the WTO,

addressed the crowd, and plunged a small Swiss Army knife into his chest. He was wearing a sign that said: "The WTO Kills Farmers."

Mr. Lee chose his time to die, in the same way that he chose his mission in life. According to his older sister, Lee Kyang, "the most important things for him were the farmers, his parents, and his three daughters". His immolation was an exemplary act: a dramatic representation of the fact that the WTO actually murders peasants around the world.

Although suicides among family farmers around the world are common, very few members of the mass media seem to be concerned about it. More than a thousand peasants committed suicide in India between 1998 and 1999, for example. Many of



them did it by drinking pesticides. In England and Canada the suicide rate among farmers is twice the national average. In Wales one farmer commits suicide every week. In the U.S. Midwest suicide is the fifth largest cause of death among farmers. In China peasants are the social group with the highest suicide rate. In Australia the frequency of farmer immolations is roughly equal to the rate of accidental death. Mr. Lee had to take his own life so that the media would recognize what is happening to farmers in our world.

Sadly his sacrifice has been judged in general with a lack of understanding and consideration. The weight of the Christian

tradition has impeded some people from seeing his true generosity. Just as religious rites began before our own individual existence, and have a life of their own, Mr. Lee's immolation is an act which transcends a simple individual decision. By taking his own life, Mr. Lee has greatly strengthened the global struggle for the survival of a millenarian culture now threatened by free trade policies: the culture of rice.

Korean culture is based on rice. In Mesoamerica we say we are the "people of maize" - thus we can say that Koreans are the "people of rice." Rice is much more than a commodity for the rural people of Korea: it is an ancestral way of life. The Korean





word bap is used both for cooked rice as well as for food in general. If you ask a Korean child what they see on the Moon, they will tell you they see rabbits milling rice in a giant mortar. A large proportion of the total labor force in Korea is dedicated to the cultivation of rice. Because of rice, rural villages are located in the midst of the very rice paddies where villagers work. Rice represents 52% of agricultural production.

At the end of the 1980s, South Korea started to reduce agricultural subsidies and open its markets to food imports, thanks to the agricultural reforms of the Uruguay Round [which later became the WTO] which put a culture more than a million years old in grave danger. Just twelve years ago South Korea had a population of 6.6 million farmers. Today this number has dropped to just 3.6 million. Subsidized rice exports to Korea from the U.S. are four times cheaper than the rice produced by Korean farmers. Opening the Korean market under the WTO to Washington's exports is proving to be the ruin of farmers in this Asian country.

Mr. Lee's death must be seen as an attempt to defend his culture. A final attempt after having exhausted many other paths. Earlier he built a demonstration farm of twenty hectares. He wanted to show how farmers could survive,

increase their production and compete despite falling crop prices. But in 1999 he lost the farm to foreclosure by the bank. On thirty separate occasions he protested with hunger strikes, and even tried to take his life once before as an act of protest against the WTO and the Uruguay Round. He was elected to his state legislature three times as a farmer representative. Yet none of these efforts succeeded in defending farmers from free trade.

The meaning of his immolation is this: it is an act to stop the further suffering of his people. As part of his last will and testament he left a note saying:

"It is better that a single person sacrifices their life for ten people, than ten people sacrifice their lives for just one."

As the philosopher Carl Jaspers once wrote: "suicide is a testament to the dignity of men, it is an expression of their freedom". Mr. Lee's sacrifice reminds us that, in times of crisis, hope comes from those who, through their example of human dignity as part of a larger movement, become our unique role models.



## 4.3 Food and Agriculture Out of the WTO! India Out of the WTO! Say Karnataka Farmers

Bangalore, September 10, 2003.

Excerpts from a report by Shalmali Guttal,

Focus on the Global South.

Over 35,000 farmers from across Karnataka State converged in Bangalore--the state capital--today to protest the start of the Fifth Ministerial Meeting of the World Trade Organisation (WTO) in Cancun, Mexico. The rallying cry of the farmers was, "Either food and agriculture must be removed from the WTO, or India must quit the WTO."

The rally was organised by the Karnataka State Farmers' Association--Karnataka Rajya Ryota Sangha (KRRS) and joined by the Dalit Sangharsh Samithi (DSS) and representatives from the Tami Nadu Farmers' Association.

The main issues raised in the rally were the impact of the WTO's Agreement on Agriculture on small farmers in India and the Indian Government's failure to protect its farmers from ruin and literally, death. Burdened by crop failures, low commodity prices and heavy debt burdens, at least 280 farmers have committed suicide in Karnataka from April to September. The entire gathering resolved that food is the right of every person and cannot be left to the whims or dictates of the market.

"Farmers' suicides and liberalisation are directly related," said Professor M. D. Nanjundaswamy, a founder member and current President of the KRRS. "It all started in 1995. Before that we did not have these mass suicides in Karnataka and other states. The year 2000 was a record year in agriculture production since independence [1947], but there were suicides even in that year. The reason for this is liberalisation, which has resulted in falling prices, falling incomes and increasing debts." According to Professor Nanjundaswamy, the KRRS asked the Government of India to not sign the agreement establishing the WTO as far back as 1992. In 1994, KRRS leaders met the leadership of all political parties and made the case for India to pull out of the WTO. "Atal Bihari Vajpayee was the leader of the opposition at that time and told me not worry so much and that India could always withdraw from the WTO with six months notice" he said. "Now we demand that India come out of the WTO, and in solidarity with other farmers' movements across the world, we demand that food and agriculture be removed from the WTO."



Farmers at the rally also linked the impacts of trade liberalisation to other sectors. In the words of H.S. Masti from Bagalkot District, "Imported goods will be sold at very low prices and our own producers will be made useless. It is not only small farmers, but also other producers in our villages such as carpenters and goldsmiths who will be affected by cheap imports. In our villages these producers depend on the farmers for their livelihood and will also die if farmers die. If we cannot feed ourselves, how can we feed others?" Mr. Masti also spoke about the multiplying effects of agriculture inputs and genetically modified plant varieties to local food and environmental quality. "Because of inputs like Round-up, dangerous contaminants are getting into our soil and entire food system. And no matter what inputs we use, our food still does not meet international standards. BT corn and BT cotton have been introduced into our environment. Our cattle cannot eat BT corn and animals that feed in the area where BT cotton is planted have died. We do not want such a system."

The expanding ambit of the WTO in food and agriculture is a serious cause for concern among farmer movements in other states as well. According to K. Sellamuthu from the Tamil Nadu Farmers' Association, oilseeds (groundnut, sunflower, gingelly and coconut) currently fetch average prices from Rs. 35-50 per litre. In compliance with WTO requirements, India has agreed to import palm oil from Malaysia, which will sell at Rs. 10 per litre. This will devastate local





oilseed producers. Similarly, the current market price of wheat is Rs. 13 per kg, but in compliance with WTO requirements, wheat from the United States (US) will enter Indian markets at Rs. 4 per kg. "The style of production in the US is different from India. They farm large tracts of land with mechanised technology. In India, we have zero agriculture subsidies and farmers are already committing suicide; the agriculture sector itself is committing suicide. Seventy crores of people [seven hundred million] will be impacted by the WTO, all directly in the agriculture sector. Arun Jaitly has also said this, but whether the Indian Government will uphold this in Cancun or agree to quit the WTO is not certain. Based on the results of Cancun, we will make further plans for future actions." Mr. Sellamuthu added, "In rural areas, 80 out of 100 children still go to school without chappals [slippers]. Bringing food and agriculture under the WTO's web will not work for developing countries like India."

The rally today was not an isolated or one-off event. Since 1992, farmers' movements in India have staged unified protests against the Dunkel Draft and the establishment of the WTO, which marked the inclusion of agriculture into the WTO. Since the launch of the current negotiations under the Doha work programme, farmer and fisher movements across the developing and developed world have joined hands and demanded that liberalisation of the agriculture sector be halted, and that governments prioritise the needs of their small, family-based agriculture producers over the interests of middle-men, agribusiness companies and trans-national food companies. A significant worry for peasant and artisanal fisher movements in developing countries is that their governments will trade agriculture away for concessions in other sectors such as services, foreign direct investment and industry.

The farmers at the rally were well aware of India's negotiating position in the Cancun Ministerial meeting, but were not confident that the Indian Government will meet the challenge to protect them from the onslaught of further trade liberalisation. Women in the gathering were familiar with the rules of the GATT/WTO and what an expansion of these rules means for their future. In the words of one of the speakers, "Since independence, the farmers who have provided rice for this country are committing suicide and our government is responsible for this. Jaitly is speaking some sense now in the WTO. But we have to send a strong message to him that he does not change his position in Cancun under pressure from delegates from certain other countries. Vajpayee must get the same message."

# 5.0 Official Documents

## 5.1 Letter to Pierre Pettigrew from Arun Jaitley and Rafidah Aziz

H.E. Mr. Pierre S. Pettigrew,  
Minister for International Trade of Canada  
& Facilitator for the Singapore Issues  
at the Cancun Ministerial Conference  
Cancun, 12 September 2003

Dear Mr. Pettigrew,

On behalf of the delegations from Antigua & Barbuda, Bangladesh (on behalf of the LDCs), Barbados, Botswana, Belize, China, Cuba, Dominica, Egypt, Grenada, Guyana, Haiti, India, Indonesia, Jamaica, Kenya, Malaysia, Nigeria, Philippines, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Surinam, Tanzania, Trinidad & Tobago, Uganda, Venezuela, Zambia and Zimbabwe, we wish to convey to you their views on the four new issues of 'Relationship between Trade and Investment', 'Interaction between Trade and Competition Policy', 'Transparency in Government Procurement' and 'Trade Facilitation'.

The above delegations have concerns about the impact of multilateral rules on the four new issues on their domestic policies and consider that they have yet to fully comprehend the implications of having WTO rules on these issues. These concerns include among others the implications on domestic policies and availability of resources. The issues are highly technical and complex and require much more analysis.



These delegations also consider that many developing countries do not have the capacity to implement obligations arising out of commitments such multilateral rules will entail, and there were also doubts on the benefits of WTO frameworks on the new issues. A number of other countries, apart from the above, have also conveyed similar views at the open ended meeting of the facilitation group chaired by you. Hence, we note that there is no explicit consensus on the modalities for negotiations as per the Doha mandate.

The above delegations also have concerns about the process through which these issues have been brought to this Ministerial without any prior discussion on the modalities.

The above delegations are of the firm view that there is no option to pursue other than the continuation of the clarification process. We therefore urge that the language enclosed in the Annex be incorporated into any revised text of the draft Cancun Ministerial Declaration (JOB (03)1150/Rev.1) in lieu of Paras 13 to 16.

With our best wishes,

Yours sincerely,

Dato' Seri Rafidah Aziz  
Minister of International Trade & Industry  
Government of Malaysia

Arun Jaitley  
Minister for Commerce & Industry  
Government of India

Annex

Paragraph 13:

RELATIONSHIP BETWEEN TRADE AND INVESTMENT

We take note of the discussions that have taken place in the Working Group on the Relationship between Trade and Investment since the Fourth Ministerial Conference. Given the absence of explicit consensus, there is no basis for the commencement of negotiations in this area. Accordingly, we decide that further clarification of the issues be undertaken in the Working Group. Any negotiations in this area shall be undertaken only on the basis of explicit consensus at the Sixth Ministerial Conference on the modalities~ of such negotiations.

We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall continue to work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and

through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

Paragraph 14:

#### INTERACTION BETWEEN TRADE AND COMPETITION POLICY

We take note of the discussions that have taken place in the Working Group on the Interaction between Trade and Competition Policy since the Fourth Ministerial Conference. Given the absence of explicit consensus, there is no basis for the commencement of negotiations in this area. Accordingly, we decide that further clarification of the issues be undertaken in the Working Group. Any negotiations in this area shall be undertaken only on the basis of explicit consensus at the Sixth Ministerial Conference on the modalities of such negotiations.

We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives and human and institutional development. To this end we shall continue to work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

Paragraph 15:

#### TRANSPARENCY IN GOVERNMENT PROCUREMENT

We take note of the discussions that have taken place in the Working Group on Transparency in Government Procurement since the Fourth Ministerial Conference. Given the absence of explicit consensus, there is no basis for the commencement of negotiations in this area. Accordingly, we decide that further clarification of the issues be undertaken in the Working Group. Any negotiations shall be limited to the transparency aspects and therefore, will not restrict the scope for countries to give preferences to domestic supplies and suppliers. Any negotiations in this area shall be undertaken only on the basis of explicit consensus at the Sixth Ministerial Conference on the modalities of such negotiations.

We commit ourselves to continuing adequate technical assistance and support for capacity building during the clarification process.

Paragraph 16:

#### TRADE FACILITATION



We take note of the discussions that have taken place on Trade Facilitation in the Council for Trade in Goods since the Fourth Ministerial Conference. Given the absence of explicit consensus, there is no basis for the commencement of negotiations in this area. Accordingly, we decide that further clarification of the issues be undertaken in the Council for Trade in Goods. Any negotiations in this area shall be undertaken only on the basis of explicit consensus at the Sixth Ministerial Conference on the modalities of such negotiations.

We commit ourselves to continuing adequate technical assistance and support for capacity building in this area.

## 5.2 India's statement at the Heads of Delegation meeting

Text of the Statement made by  
Commerce Minister Arun Jaitley at the  
Heads of Delegation meeting  
responding to the September 13 draft

Mr. Chairman,

The Indian delegation would like to thank you and the facilitators for your efforts over the past few days. We are disappointed that the draft text ignores several concerns expressed by us and many developing countries. I note that the pretence of development dimensions of the Doha Agenda has finally been discarded confirming the apprehension expressed by me at the plenary session that this is mere rhetoric.

At the outset I would like to associate myself with the statement made by distinguished Minister of Brazil on behalf of G 21 on agriculture. Not only are the distortions prevalent today being perpetuated, but a slew of new measures to increase such distortions are being proposed. The continuation of Blue Box in an enlarged form without any promise of significant reductions and phasing out in future is a case in point. To give comfort to major subsidizing countries, distorting provisions in the Amber Box are sought to be continued. Both these measures will result in subsidizing exports of many items from these countries. Instead of negotiating disciplines on the Green Box, we have been reduced merely to reviewing the criteria of Green Box measures. Export subsidies are not only allowed to continue but are sought to be increased through a new parallelism process. We believe that we are compounding the distortions of the Uruguay Round by adding some more to them. The heightened ambition on market access pillar, which ironically provides Special and Differential treatment in favour of developed countries, is utterly incomprehensible and extremely insensitive to the large number of people living in poverty in these countries. How can we expect developing countries to reduce tariffs on a number of items to between

0% and 5% when the distortions against which such tariffs are supposed to compensate are sought to be enhanced?

The Geneva process and the consultations in the last three days have clearly revealed that the clarification process on Singapore issues has not yet run its course. In the absence of clarity on many elements, a majority of the membership of the WTO have rejected launch of negotiations on these issues and sought a continuation of the clarification process. Ignoring this, Mr. Chairman, you have proposed launch of negotiations in trade facilitation and transparency in government procurement. The section on investment would seem to assume that negotiations would commence on the basis of a General Council decision on a date corresponding to finalisation of modalities in agriculture and NAMA. The text on competition policy on the other hand refers to possible negotiations an obvious attempt to accommodate the interest of some developed countries. There is no reference to further explicit consensus either in the paragraphs on investment or competition policy. There is

also no explicit consensus at present on any of the issues. It would appear that the views expressed by a large number of developing and least developed countries on the need for further clarification of issues through a Ministerial Conference document and through a letter addressed to the facilitator by my Malaysian colleague and me yesterday, have been completely ignored. This, Mr Chairman, is yet another instance of the deliberate neglect of the views of a large number of developing countries. It represents an attempt made to thrust the views of a few countries on many developing countries.

On NAMA, we want a specific reference to the Chairman's formula for further work. On sectoral initiatives, we believe that the participation has to be voluntary. The present text is, in fact, an attempt to make the sectoral initiative mandatory. To reflect less than full reciprocity in reduction commitments, the end-tariff for developing countries in the sectoral initiatives must be higher than that of the developed countries.

We are disappointed that no time frame has been prescribed for resolving the outstanding implementation issues. We are of the view that all outstanding issues should be addressed by a negotiating group under the TNC and thereafter decisions adopted by the General Council by March 2004. On S&D Issues, we strongly support the Africa Groups position that has been stated many times in the past and therefore do not endorse the present decision.

We are unable to understand why on the issue of cotton subsidies the draft text deflects attention from the specific course of action suggested by Benin and three other countries by seeking to address distortions in products other than cotton.



Mr. Chairman, we have to express our disappointment that the revised text brought out by you has arbitrarily disregarded views and concerns expressed by us. We have so far constructively engaged in the entire post Doha process in the hope that this is a development round. We wonder now whether development here refers to only further development of the developed countries. Consequently, Mr. Chairman we feel that this text does not lend itself to any meaningful dialogue. We still believe that this conference must be brought to a successful conclusion. We hope that circumstances and environment will be created to enable us to participate constructively.

## 5.3 The Cancun Ministerial Statement 14 September 2003

Trade ministers issue a statement  
admitting failure to arrive at  
a consensus

WORLD TRADE ORGANIZATION  
14 September 2003  
MINISTERIAL CONFERENCE  
Fifth Session  
2003

WT/MIN(03)/W/24,  
(03-4941)

Cancún, 10-14 September

### Ministerial Statement

1. As we conclude our Fifth Ministerial Conference in Cancún, we would like to express our deep appreciation to the Government and people of Mexico for the excellent organization and warm hospitality we have received in Cancún.

2. At this meeting we have welcomed Cambodia and Nepal as the first least-developed countries to accede to the WTO since its establishment.

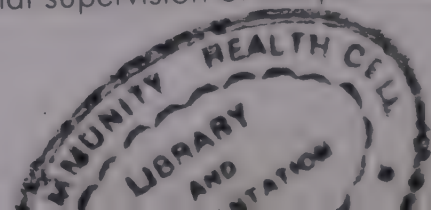
3. All participants have worked hard and constructively to make progress as required under the Doha mandates. We have, indeed, made considerable progress. However, more work needs to be done in some key areas to enable us to proceed towards the conclusion of the negotiations in fulfilment of the commitments we took at Doha.

4. We therefore instruct our officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views we have expressed in this Conference. We ask the Chairman of the General Council, working in close co-operation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable us to move towards a successful and timely conclusion of the negotiations. We shall continue to exercise close personal supervision of this process.

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5. We will bring with us into this new phase all the valuable work that has been done at this Conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome.

6. Notwithstanding this setback, we reaffirm all our Doha Declarations and Decisions and recommit ourselves to working to implement them fully and faithfully.



# 6.0 Post Collapse

## 6.1 Via Campesina

International farmer's movement

Afovimiento campesino internacional

Mouvement paysan international

Secretaria operative/operative secretariat: Apdo Postal 3628 Tegucigalpa, MDC Honduras

Tel & fax + 504 235 99 15 E-mail: viacam@gbm.hn

**We won in Cancun! The WTO was derailed!**

The Fifth Ministerial Conference of the WTO ended on September 14<sup>th</sup> in complete failure. The WTO did not even succeed in identifying the location of the next Ministerial Conference. There was no Declaration expressing any theme upon which there was agreement and there was no time to develop consensus on a future agenda. This, together with the anticipated withdrawal of many countries from the South, created confusion and chaos in the Ministerial Conference.

Despite the mobilization of strong presence of police and military forces, on September 13<sup>th</sup>, rural organizations, youth, women and other sectors succeeded in tearing down the barricade imposed by the Mexican Government and the WTO in attempts to make visible our presence and our proposals.

From September 8-14<sup>th</sup> we engaged in significant days of struggle, first, within the framework of the International Peasant and Indigenous Forum, and later, in diverse street demonstrations both inside and outside the convention center where the negotiators were concentrated. The peasant and indigenous march of September 10<sup>th</sup> set the tone for the resistance and struggle of the following days.

On September 13<sup>th</sup> with patience and great courage, one hundred women from all over the world dismantled piece by piece the barricade that impeded entry to the convention center. The Korean peasants together with large part of the crowd joined in this action and using thick ropes we torn down the walls. This was a symbol of the WTO that would soon collapse in Cancun. The thousands of police and military stood there ready to quell the protestors but no one was intent on confronting them. Our non-violent confrontation was with WTO, not with the police and the military.

Demonstrators burned two effigies of the WTO and sat down. Then white flowers were placed in homage of our friend Lee who gave his life to the people's struggle, the struggle against the WTO, the struggle for a more just and humane world. On September 14<sup>th</sup> the WTO had collapsed.

In Cancun we encountered various social sectors, among them were the youth from different parts of the world. When considering forms of struggle, these youth are characterized by different levels of radicalism. For example, among the most radical there is the "Black Block." The Via Carñpesina, being consistent with its demands, opened spaces for dialogue and convergence with the youth. This yielded extremely positive results and their contribution was key to achieving our objective through nonviolent means. The youth have expressed a desire to continue working with the Via Campesina in future actions under the conditions mentioned above.

There is no doubt that the sacrifice of our friend Lee served to animate, strengthen and radicalize the struggle of those who were In Cancun and those social activists engaged in actions of mobilization around the world. His courage and deeds will live with us, we will never forget them. Lee contributed enormously to our victory and the derailing of the WTO.

The governments of the United States (US) and the European Union (EU) have demonstrated themselves totally incapable of understanding and taking into account the legitimate interests of people. Their arrogant and inflexible manner, and blackmailing practices, drove



countries of the Third World to form a block of opposition led by Brazil, India and China (G22) against the US and the EU. The group of governments from ACP countries (Africa, Caribbean and Pacific) also showed opposition. These initiatives contributed to stop the Ministerial. Via Campesina welcomes this opposition~ but does not agree with the proposals of the G22 regarding agriculture. Increasing liberalization and market access do not resolve problems of poverty and social exclusion of millions of people in the world. On the contrary this will worsen the situation.

The President of the European Union has invited the Via Campesina to a dialogue on agriculture. We are considering this proposal but we need to receive messages from the European Union that express a real will to change its Common Agriculture Policy and current international trade rules.

In Cancun the EU claimed they had already reduced export subsidies. But in fact, they had reduced farm prices and replaced export subsidies with direct payments which are recognised in the green box. The use of these direct payments by the EU and income support schemes by the US are a hidden way to support agro-industry through low farm prices and to facilitate dumping on international markets. The reaction of some is to abolish subsidies in agriculture all together. However this would be another blow for peasant based production. Public support for sustainable peasant-based agriculture, directed to those who need it most, is a key demand in the North and the South. However is critical to stop overproduction in export countries through supply management schemes and that countries must be able to protect themselves from low-priced imports.

The collapse of the WTO is a result of a profound crisis within the neoliberal model. It is urgent that we continue to strengthen our movements, our alternative proposals. Creating an open transparent and constructive dialogue among ourselves is all the more necessary to advance, in our strategies of struggle.

The WTO Kills Farmers!  
Take the WTO out of agriculture, food and  
fisheries!  
Towards Peoples' Food Sovereignty!  
Globalize the struggle, globalize hope

International Co-coordinating Commission of Via Campesina  
Tegucigalpa, 23<sup>rd</sup> of September 2003

## 6.2 WTO WIRODHI BHARATIYA JAN ABHIYAN (INDIAN PEOPLE'S CAMPAIGN AGAINST WTO)

PRESS RELEASE, 20 September 2003

WTO WIRODHI BHARATIYA JAN ABHIYAN welcomes the recent developments at Cancun. The most important development is the re-emergence of the solidarity of the South. Early indications were visible in Geneva in the formation of G21, on agriculture, on the eve of the Cancun meeting. The role played by Brazil, China, India and South Africa in this respect deserves congratulations. Not only because it exposed the self-serving and unfair proposals of USA and EU on agriculture but also because it helped build the cross -continental foundation for the re-emergence of the solidarity of the South which was witnessed in Cancun.

The deadlock at the Cancun meeting has, at least for the time being, held back serious threats to our agriculture and our autonomy of economic policy making in regard to investments and other related areas.

The revised proposals on agriculture put forward at the Cancun meeting were too soft on USA and EU in regard to their commitments to reduce domestic support and export subsidies; but the proposals required us to reduce tariffs substantially and rapidly and indeed asked for certain tariff lines to be bound at nominal rates between 0 and 5 %.. This implied general worsening of the distortions and unfairness in the world agriculture market. Even worse, this posed a serious danger to our agriculture and to the survival of the millions dependent on agriculture for their livelihood. That G-2 1 rejected these proposals is a matter of satisfaction. However, the revised proposals have exposed the inherent weakness of the government belief that tariff instrumentality is adequate to protect this vital sector from the onslaught of the multinational agri-businesses of USA and EU. At Cancun, it was precisely the tariff instrumentality which was sought to be blunted and made virtually useless for us. We, therefore, reiterate that nothing short of claiming and, asserting our right to impose quantitative restrictions on agricultural imports can save our agriculture and safeguard the livelihood of the seventy percent of our population. Once again, we urge the Government to incorporate this element as the central part of their strategy on agricultural negotiations in WTO.

The deadlock in Cancun has also helped to keep the formal negotiations on the so-called Singapore issues at bay. And this has



been made possible again because of the developing countries including the groups of ACP (African, Caribbean, Pacific) countries, the Least Developed Countries, the African Union and others like India, Brazil and Malaysia holding together and insisting that clarification process must continue and that there was no consensus on starting the negotiations. While this is welcome, it must be remembered that the legacy of the Doha Declaration whereby the investment, competition policy, government procurement and trade facilitation were brought on the agenda is still alive. And there were reports that the government had indicated willingness to accommodate the developed countries in regard to the commencement of negotiations on government procurement and trade facilitation. We reiterate our opposition to multilateral disciplines on all the Singapore issues and urge the government not to agree to any proposal for such disciplines on these issues.

On the issue of Services, we note that at Cancun, there was an attempt to reduce the aim of the negotiations simply to "progressively higher levels of liberalization", whereas General Agreement on Trade in Services (GATS) itself recognizes the development dimension explicitly and unambiguously. Also, there was no recognition that provision of services like Education, Health, Water Supply, which constitute the basic human rights, can not be allowed to be commodified and, therefore, such sectors should be taken off from the negotiating process. It is acknowledged on all sides that there is lack of relevant statistics that makes it impossible for developing countries to assess the costs and benefits of services liberalization in various sectors. There is a mandatory provision in GATS for making such an assessment before starting on a new round of liberalization. However, this basic shortcoming is ignored and the negotiations are sought to be pushed at full speed. We urge the government to take a clear stand on these aspects when the process of negotiations is resumed.

That the break-down of Cancun meeting has averted the immediate disaster in the areas of agriculture and the Singapore issues is a positive development. And all those in the camp of the South (whether in the Conference hall or outside) who brought it about deserve congratulations. The task now is to ensure that the space gained at Cancun is not allowed to be frittered away in the next three months or so, i.e. by the time the General Council of WTO is scheduled to meet in Geneva to take the process further. The danger is that trade majors will now resort to the bilateral processes to complete the unfinished tasks of Cancun. Important members of G-2 1 as well as the ACP and other groupings will be subjected to pressures and blandishments. And it is here that the solidarity of the South will be tested.

- We urge the government to further strengthen its stand on agriculture, the Singapore issues and services.
- We urge the government to reinforce the solidarity of the South in WTO and resist individually and collectively the onslaught of the developed countries and their multinationals.
- We urge the government to defeat the possible moves on the part of the developed countries to make decision-making processes undemocratic and nontransparent in the name of improving operational efficiency of WTO.

## 6.3 Statement From Caribbean Countries

PRESS RELEASE, September 14, 2003

Today the Fifth Ministerial Conference of the World Trade Organization in Cancun, Mexico, at which all Caribbean Countries were present, ended without agreement on the many key issues. Billed as a Conference to advance the Doha Development Round of Trade Negotiations, the Conference collapsed on the key issues of developing countries such as agriculture, non-agricultural market access, small economies and special and differential treatment, as well as on the so-called Singapore issues; investment, government procurement, competition policy and trade facilitation measures.

The November 2001 Doha Ministerial Conference had agreed that these issues would only be pursued after explicit consensus on modalities for their negotiation. No such consensus was reached. Caribbean countries and other Members of the African, Caribbean and Pacific countries, the LDCs group, and the African Union strongly opposed the launch of negotiations on the Singapore Issues.

Caribbean countries, whose key interests are in the areas of small economies, special and differential treatment, services, agriculture and non-agricultural market access, were strong in their determination to have these development issues given priority consideration, consistent with the Doha Declaration and Decisions for a Development Round. There was little or no progress in these issues.

In bringing the Conference to a close, WTO Ministers instructed their officials to continue working on the outstanding issues in Geneva with a renewed sense of urgency and commitment, taking into account all the views expressed in Cancun. To this end they instructed the General Council to convene at Senior Officials level no later than



December 15, 2003, to take the action necessary at that stage to move the process forward to a successful and timely conclusion.

Caribbean delegations share the general sense of disappointment at the limited achievements of the Conference in spite of the best efforts of the hosts. Our Ambassadors and regional negotiators must therefore with resolve continue to engage their counterparts in Geneva and maintain their continuing active role in the process to advance the development interests of the region.

Finally, the Caribbean delegation would like to express their appreciation for the efforts of the Chair and for the hospitality extended by the Government and people of Mexico.

## 6.4 Africans In The Forefront In Cancun

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Africa peoples' impact at the WTO Ministerial in Cancun was out of all proportion to the numbers present. While we were lacking in numbers of activists who could get to Mexico, the African Peoples Caucus made up for this with our political convictions about our needs and aims, our political experience in mass actions, our strategic sense and tactical skills, and the dynamism of our political expression.

This was the widespread opinion amongst the other organisations from all over the world also present in Cancun. In fact our impact was so dramatic that many were amazed to learn that we were only about a dozen in the core group, although there were other Africans 'on the inside' (accredited NGOs monitoring the positions of African governments in the WTO processes) who joined us at strategic points and in our strategic planning meetings.

On the one hand, we made powerful presentations in our meeting on "Globalisation as Recolonisation", and testimonies from African activists "Defending our Services and Our Rights" as the core of our "Voices from Africa" programme in the famous Hotel Margaritas in the heart of downtown Cancun which was a focus of many of the NGO activities 'on the outside'.

We also contributed to meetings set up by other organisations from around the world, such as the very big meeting hosted by the international network "Our World is Not for Sale". This exposed on the many bilateral free trade agreements being pursued by the powers, even as they are engaged in so-called multilateral negotiations within

the WTO framework. In this regard, already evident for us in Africa is Washington's so-called African Growth and Opportunities Act (AGOA) and the EU's proposed regional free trade agreements in Africa through Cotonou. And in Southern Africa we are now faced with the US-SACU (South African) free trade negotiations already underway. Our counter-struggle is already on in this regard!!

We also created our own dramatic demonstration under our banner declaring "African Peoples - Resisting the WTO", wearing our distinctive and much admired black and green T-shirts proclaiming "Africa is Not for Sale — Africa no es a la Venta". We carried our dozens of hand-made placards declaring "People not Profits! ".... "Government! Companies! We say Our Services are Not for Sale!" .... "Free Trade Destroys our Livelihoods! "Land and Food Security for All — Down with the WTO! " . . . . "Fishers and Landless People Say No to the WTO! "No to free Trade — No to GMOs!" and many more.

This march up to the infamous barricade cutting us off from the WTO area, attracted the attention of media from all over the world and got full reporting and visual coverage in many newspapers and on international television reports. We will share these images when we get back home.

More importantly, our African demonstration received support from other organisations from around the world and everyone wanted to wear our wonderful black and green T-shirts. We made such an impact that when it came to the massive march "Against Globalisation and Militarisation", on Saturday 13<sup>th</sup>, the common call was for "the Africans" to go to the front.

In fact it was our African women who were at the very face of the ten foot steel and concrete barricade blocking us off from the conference centre ten kilometers away. And it was our African women who wielded the huge bolt cutters to cut through the wire fence, backed up by ranks of other women from around the world. And behind them were the well-organised Koreans with strong ropes which were pushed through the breaks in the fence to pull it down. And as that symbolic act was achieved and a roar of triumph swelled up from the huge crowd, the first people through the fence were African women shouting "Down with the WTO ! Africa is not for Sale!

Once that the symbolic victory had been achieved the politically experienced and well-organised forces leading the march, especially the peasant and indigenous organisations from Mexico and around the world, did not seek or provoke confrontations with the ranks of Mexican police on the other side. They encouraged all the people present to sit down, send out our political messages, and block off the



entire area to prevent agents provocateurs from giving the impression that it was violence that was being aimed at.

The march was a powerful expression not only of excellent organisation and planning but of our ability to build unity in action, and the political wisdom and skills that have been built up in the global peoples movement during many experiences all over the world in recent years.

And we are immensely proud that our African people's organisations played a central role in the events in Cancun. Together with our welcome of the defeat of the plans of the powerful countries in the WTO meeting, we also note that African governments held firm to their positions. Some of them, including the South African government, even remarked with pride that 'their' peoples organisations had played such a dynamic role on the outside.

Let us hold our governments to this recognition of our people's organisations and achievements. Let us ensure that they engage with us and listen to our demands and advice when we all get back home! Let us ensure that we build on the victory in Cancun in the days ahead. As we always say "A Luta Continua!! "





## 6.5 Cancun Conclave: A New Sunrise For Developing Countries

By Benny Kuruvilla, Peoples Reporter Vol 16, No: 18, Mumbai (September 25-October 10 2003)

As tired trade delegates and jubilant protestors left the Mexican resort of Cancun after the collapse of the World Trade Organisation's 5<sup>th</sup> ministerial conference (September 10-14, 2003) it signaled an important shift in power equations in the 148 member organisation. When a massive grouping of African, Asian, Caribbean and Least developed countries refused to kowtow the dictates of the EU (European Union) and the US, leading to the breakdown of talks on the last day, the significance of this combined act of defiance was not lost to many. The World Bank chief James Wolfensohn said the Cancun alliance marked the creation of a "new paradigm in global financial relations for the 21<sup>st</sup> century" that empowers developing countries against the rich industrial nations. Developing countries, comprising two thirds of the organisation's membership, led the show at Cancun, putting aside significant differences to form strong alliances (which to the surprise of many stood the test of time and pressure) and submitted well researched and technically sound negotiating proposals.

### From Doha to Cancun:

Trade ministers make up the highest decision making body of the WTO and are expected to meet at least once every two years; Cancun was the fifth in the series of ministerial meetings that began with the 1996 Singapore ministerial. After the failure of the 1999 Seattle ministerial, the 2001 Doha ministerial succeeded in launching an ambitious work programme called the Doha Development Agenda. Though developing countries were reluctant to launch a new round of complex negotiations, Robert Zoellick, the United States Trade Representative and the European Trade Commissioner Pascal Lamy successfully used the sympathy wave post the September 2001 terrorist attacks to successfully argue that the failure to advance trade negotiations in Doha would be a boost to terrorism. Doha mandated key negotiations on Agriculture, Services and TRIPS (Agreement on Trade related aspects of Intellectual Property Rights)

Cancun was to mark an important stop on the road to completing the ambitious Doha round of negotiations, which supposedly put development at the core of its agenda. But in the path from Doha to Cancun, negotiators in Geneva (at the WTO headquarters) missed every major deadline. By failing to make adequate progress on issues



the developing countries believed constituted a genuine development round what was a routine fuelling station became a landmine.

## The Hypocrisy:

The question of agricultural reform was the most contentious issue at Cancun. It is now well documented that while developing countries made substantive liberalisation commitments, farm subsidies in the EU and the US have actually increased since the WTO's Agreement on Agriculture came into effect. Economists at the UNDP (United Nations Development Programme) recently estimated that while the EU provides a daily subsidy of US \$ 2.7 per cow, half of India's population live on less than \$ 2 a day. This hypocrisy allows countries like the EU to both protect its farm sector and dump its subsidised products in developing country markets. Not surprisingly the removal of quantitative restrictions in April 2001 (following WTO stipulations) in agricultural commodities has been devastating for India's small farmers. Before Cancun, the European Union and the United States set up a common negotiating framework to revive the stalled talks on agricultural liberalisation. Developing countries immediately responded by critiquing it as failing on all three counts of reducing domestic support, improving market access for developing countries and phasing out export subsidies. Further they formed the G-22, which comprised several leading developing countries such as China, India, Brazil, Argentina and South Africa, and submitted a counter proposal for agricultural reform as opposed to the paper submitted by the EU and the US.

Addressing a packed press conference on the opening day of the ministerial Brazilian minister Celso Amorim speaking on behalf of the group, emphasised that their cause was a just one as they represented 50% of the world's population and over 65% of farmers.

A group of four Western and Central African countries (Burkina Faso, Chad, Benin and Mali) also submitted a well-crafted joint initiative on Cotton calling for the total elimination of cotton subsidies by developed countries and financial compensation for lost income while the subsidies were being phased out. Cotton growers are among the most heavily subsidised farmers in the US, receiving more than \$3 billion a year in subsidies, according to the World Bank.

## Singapore issues:

Another potential battle loomed in Cancun over what is termed as the four Singapore issues. Since the 1996 Singapore ministerial the EU and other developed countries have been trying to create new WTO rules on: Investment, Competition policy, Government procurement and trade facilitation. Since then developing countries have

consistently opposed the creation of a new set of complex agreements on these issues. At the 2001 Doha ministerial India's then Commerce Minister Murasoli Maran was widely credited with ensuring that any decision would need to be taken by 'explicit consensus' from all member countries of the WTO at the Cancun ministerial. On the second day of the conference, in a defiant show of strength, a group of 70 developing countries held a press conference reiterating their opposition to the launch of a new round of negotiations on the Singapore issues. The Malaysian Minister for International Trade and Industry Rafidah Aziz and Indian Commerce Minister Arun Jaitley even formally presented a letter on behalf of these countries to the facilitator of the working group on Singapore issues stating that the clarificatory process in Geneva should continue.

### Fundamentally flawed:

It was expected that the united and professional approach of the developing countries would be reflected in the draft, which would form the basis for the Cancun Ministerial declaration. But the document released on 13 September by the facilitators of the five working groups was fundamentally flawed; it showed that the views expressed by the EU and US on virtually all issues prevailed.

On agricultural reform, the draft through a means of cynical legal jugglery allowed the EU and the US to continue with their domestic subsidies by simply shifting them from the trade distorting section to the non- trade-distorting one. On the issue of market access the developing countries were subjected to even more tariff reductions. On the crucial issue of elimination of export subsidies provided by developed countries there was no date mentioned for their elimination. Addressing the press immediately after his formal response to the draft at the Heads of Delegation meeting Mr. Arun Jaitley did not hide his disappointment, "Instead of being sensitive to the concerns of developing and least developed countries this draft indicates that the special and differential treatment in favour of developed countries has been allowed to continue".

Even the cotton initiative, which received overwhelming support from both developed and developing countries, was ignored.

### Final Collapse:

The most bitterly contested insertion in the new draft was the proposal to launch negotiations on three of the Singapore issues, in particular on the highly controversial issue of Investment.

Ministers then entered into the final lap of round the clock negotiations in an attempt to find enough common ground to avert



total failure. But Asian and African countries were determined to hold onto their principled positions and the meeting finally collapsed during the final session on 14 September when the EU and the US continued to push a draft that did not give anything meaningful on agriculture but mandated negotiations on three of the Singapore issues.

## Undemocratic:

Speaking to the press after the collapse Ugandan delegate Yash Tandon was furious, "The assumption made by the EU and the US was that within about two or three days they can just carry out rapid decisions for everybody. They wanted a text passed that was profoundly biased – The process of arriving at this draft has been opaque and undemocratic - this text is unacceptable to us because it condemns millions of Africans to perpetual underdevelopment and abject poverty".

"We are indeed disappointed with this result. The Caribbean countries came united to Cancun with a very positive agenda to get a fair deal for our farmers. Nothing was offered to us. Nearly 70 countries said they were unwilling to launch negotiations on the Singapore issues i.e. there was no explicit consensus. Despite this, the draft we were discussing this morning mandated negotiations on three of them. I cannot understand how issues not on the agenda can take precedence. The way the WTO is managed leaves a lot to be desired," said Minister George of Saint Lucia speaking on behalf of the Caribbean countries.

## A victory for the developing world:

Addressing the press the Indian Commerce minister Arun Jaitley said, " Success cannot be judged on the ability of getting or not getting a declaration. The fact that the ministerial did not pass a statement that did not enjoy a consensus is indeed a victory for the developing world.

The draft text clearly did not reflect the aspirations of the developing and LDCs".

Instead of the Ministerial declaration that would have mandated a work programme and set deadlines for completion of negotiations the ministers issued a one-page statement admitting failure and their resolve to go back to Geneva and try to iron out differences.

## A watershed:

Success at Cancun would have meant a mockery of both developing countries and the so-called Doha development agenda. Cancun's blockade does not mean the end of the road either for the

WTO or for the Doha round or for the dominant neo-liberal paradigm that governs international trade today. But Cancun will remain a watershed in the history of the WTO; it marks a new dynamic to the organisation, standing as a useful reminder to the EU and the US that the views of developing countries can no longer be ignored.

## 6.6 Crisis of the WTO System: Chance for the Underprivileged and Marginalized?

Brita Neuhold and Maria Karadenizli, WIDE-/IGTN Europe

The 5<sup>th</sup> WTO Ministerial Conference dramatically collapsed in the afternoon of September 14<sup>th</sup> after unbridgeable disagreement between Northern and Southern countries on the so-called Singapore issues and on agriculture. The coalitions of developing countries which had been built up during the conference stood firm until the end - despite heavy pressure exerted upon them by the rich nations, above all the United States and the European Union. The developing countries pronounced a clear NO to the authoritarian procedures of the WTO modelled after absolute monarchies of former centuries and the globalisation of an economic model which favours exclusively the rich nations and Transnational Corporations. In rare unanimity they rejected the WTO Draft Ministerial Text which in the most provocative manner ignored the resolve of more than 70 countries not to enter into negotiations on the Singapore Issues and which also overlooked the clear and detailed proposals of the "Group of 20+," an alliance under the leadership of Brazil, India, China and South Africa in the area of agriculture and of the African, Caribbean and Pacific (ACP) group as well as of West African Least Developed Countries and of other groups on specific issues.

### Indignation and Resistance

The Ministerial text which, all in all, was strong on corporate-oriented economic growth and extremely weak on development and environmental sustainability, infuriated Southern countries and sparked statements of rare, almost blunt directness: For example the Indian Delegate referred to the mid-term review of the Doha Development Agenda as a "further development of the developed countries."

One of the most articulate comments came from the representative of Antigua and Barbuda who stated: "Were we to



accept this document, we would deserve our people's condemnation for we would not only have gained no relief for them, but we would have condemned them to a life of perpetual underdevelopment."

This remark set the stage for fierce opposition from Southern countries which were strongly supported by NGOs and other civil society groups. In particular, the proposed procedure on the Singapore issues was seen as a provocation, especially by those Southern delegates who had been involved in the WTO working group on New Issues and could not recognise their positions in the final draft. Thus, the conference climate was at boiling point when Green Room talks for approximately 30 countries opened in the morning of September 14<sup>th</sup>, the focus shifting immediately to the Singapore issues item.

Resistance by Kenya, which spoke on behalf of the ACP countries, and by India was so fierce – walkout by delegates from developing countries seemed possible as the Kenyan delegate said that he would no longer take part in the session - that it soon became obvious that no consensus could be reached. Deciding that negotiations had reached a deadlock which appeared insurmountable, Mexican Foreign Minister Derbez decided to close the conference before talks on agriculture had even been opened.

## New Power Structures and Memories from the Past

Despite their fears that, after this breakdown, the Doha Development Agenda might even be more difficult to realise, Southern countries felt that they had achieved unity and had confronted the trade policies of powerful nations and questioned the undemocratic WTO structure. This event, in fact, recalls memories of the 1970s when Third World countries stood up against the North in their struggle for a just New International Economic Order and for the right to development. At that time, they fought for their demands at UNCTAD conferences which then enjoyed the same public attention and media interest as WTO conferences today. Mr. Celso Amorim, the Foreign Minister of Brazil<sup>1 [2]</sup> and speaker of the Group of 20+, expressed the feelings of many when he said that "We walk away from the process stronger than we entered it!" His words of gratitude to the NGOs to which, according to him, the world should listen, were shared and supported by many other Southern delegates. They felt that the solidarity expressed by the NGO community and by civil society in general in numerous declarations, briefing papers, press releases, meetings, impressive demonstrations, and personal encouragement,



had been a strong shield against the callous, and sometimes even contemptuous, behaviour by the representatives of rich countries.

The reaction of the European Union which, throughout the negotiations, had not shown much understanding of the demands and needs of the developing world, and instead had addressed blunt threats to many of these countries- in particular to the ACP Group- was one of shock and surprise. It termed the outcome a "big mistake" made by developing countries. There was no analysis whatsoever of the fact that it was partly because of EU persistence in pursuing the initiation of negotiations on the Singapore issues that the negotiations had collapsed. Trade Commissioner Pascal Lamy, who could hardly conceal his anger, heavily criticised the WTO as "medieval" and its principle of consensus as "outdated." But there were also European delegates, who held the undemocratic procedures of the WTO





responsible for the disaster. For instance, Belgium advocated for a stronger role for UNCTAD in international trade policies of the future. This is an indication of the divergence of views of EU member states in different areas, which are normally well hidden behind the collective EC position.

## Civil Society on the move

International NGOs and networks formed a strong alliance among themselves, co-ordinating their actions and issuing in-depth information on their activities and on the topics and issues at stake. Prominently among them figured Our World is not for Sale (OWINFS), Third World Network (TWN), International Gender and Trade Network (IGTN), Women Environment Development Organisation (WEDO), Association on Women's Rights in Development (AWID), Women's Edge Coalition, Southern and Eastern African Trade, Information and Negotiation (SEATINI), South Asian Civil Society Network in International Trade (SACSNITI), International Centre for Trade and Sustainable Development (ICTSD), Centre of Research on Multinational Corporations (SOMO), Food First Information and Action Network (FIAN), International Center for Cultural Diversity (ICCD), Green Peace, World Wildlife Fund (WWF), Friends of the Earth, Public Citizen, Action Aid, International Center for Human Rights and Democratic Development (ICHRDD), and Center for International Environmental Law (CIEL).

They warned against the negative effects of the WTO and profit-oriented growth and globalisation on the world's poor, above all on women and children, and argued for the urgent need for a radical reform of the WTO system based on the development of ecologically-sustainable, gender-sensitive and human rights-oriented trade policies. They expressed their concern at the destruction and exploitation of nature and the environment by the WTO's trade-related intellectual property policies and they campaigned for the priority of human and environmental rights over trade agreements and submitted a Declaration on the Right to Food.

They organised workshops, briefings, working groups, and press conferences, delivered statements and declarations and met with delegations of WTO member states and followed the official negotiations at the Convention Centre. They were joined by thousands of people in impressive demonstrations, protesting against the intransigence of the WTO Secretariat, the U.S. and the EU, and took part in caucuses all over the town.



Unlike Seattle or other international meetings on trade and economics like those held in Geneva, Cancun proved to be – with some exceptions - a peaceful event with the police showing tolerance and understanding for social resistance.

Gender and women-focused NGOs were also very visible in Cancun. In a two-day international forum entitled "Women on the Road to Cancun – Rights of Women in Trade Agreements," feminist economists, gender and trade analysts, and women's advocates analysed WTO policies from a gender and human rights perspective and drew attention to the situation of women in the context of existing and emerging WTO agreements in the areas of agriculture, intellectual property rights, services, and investment. At the end of the forum a Political Declaration on the Rights of Women in Trade Agreements was published and widely distributed among civil society and government officials. During the WTO conference itself strategy building sessions and exchanges of information among women NGOs and networks were successfully co-coordinated by the International Gender and Trade Network (IGTN). Various seminars on gender and economic issues were organised by IGTN, Heinrich Böll and Friedrich Ebert Stiftung, and a women's caucus that was co-coordinated by Mexican women NGOs, AWID, Women's EDGE Coalition, and WEDO and open to a broader public took place daily in the centre of the city.

## Beyond Cancun

The analysis of the process and the outcome of Cancun and predictions for the future are, of course, not so easy. On the one hand, fears that crucial concerns of Southern countries about development, ecological sustainability, poverty eradication, and gender justice will be overridden and the few gains of the Doha Round will be lost, are justified. Indeed, the reaction of EU delegates indicated such hard-line policies.

Moreover the threats of U.S. officials and corporate representatives to bypass the WTO and realise their aspirations elsewhere must be taken seriously and would result in even greater losses for the world's poor and for the international environment. On the other hand, Southern countries and the NGOs not only stated that "No deal is better than a bad deal!" but hailed the collapse of a very sinister process as proof of the new strength of the underprivileged. The International Gender and Trade Network expressed the general feeling by stating that the "collapse in Cancun represents a major political shift in the power dynamics of the WTO with the developing countries successfully resisting power in the face of extreme pressure and bullying."



Negotiations will now be continued at a lower scale in Geneva, where it is anticipated that an extraordinary policy session will take place in 2004. Whether another ministerial will be convened in 2005 in Hong Kong is uncertain. Much depends now on how Southern countries can make their newly gained weight felt in these processes. NGOs will continue to support them in these endeavours and will struggle for thorough reforms of the WTO in order to guarantee transparency and democracy within the world trading system while limiting its agenda to trade issues. Only under these conditions can human rights, social and gender justice, as well as sustainable livelihoods for all be safeguarded.

For more information on WIDE, please visit: <http://www.eurosur.org/wide>.

## 6.7 Cancun Failure: Africa Showed The Way

By Devinder Sharma\*

Amidst a lot of drama, the WTO Cancun Ministerial has failed. The underdogs of economic development - the African block - have bailed out the developing world from being economically robbed. And, once again, the countries, which have continuously been painted to be in the 'Dark Age', have stood up as a solid block to brighten the future of billions of toiling masses in the majority world.

The walkout by the smaller African countries, led by Kenya, and followed by some Caribbean nations on the contentious Singapore issues - the four new issues of investment, competition policy, government procurement and facilitation - which the United States, European Union and Japan were pushing in aggressively, has actually failed the Cancun Ministerial. The Singapore issues were aimed at simplifying cross-border traffic and increase competition and market access for multinationals. The walkout by the Africans, the second time in the history of the WTO, clearly demonstrates that there is more to the WTO than merely playing to media gallery.

First in Seattle in 1999 and then in Cancun 2003, the Africans and the Caribbean have emerged as the real heroes. The failure of the WTO Ministerial at Seattle and now at Cancun is the direct outcome of the African's frustration and their willingness to stand to the mightiest. Kenya deserves the salute - jo jita wohi sikandar. And so do thousands of farmers, activists, and protestors who continued to raise

their voice ten kilometres away from the official venue of the Ministerial talks. The supreme sacrifice by the 56-year-old Korean farmer, Lee Kyung-hae, will remain embedded in the history of the multilateral trade regime as a tragic symbol of the destructive fallout of the so-called free trade process.

The G-23 (as the coalition of India, Brazil and China along with 20 other countries is called) in contrast, only roared. Like the street dogs that chase any speeding car, they continued to bark and then sit back demurely. India's commerce minister, Arun Jaitley, who used the unique opportunity to pose himself as the champion of the farmers cause, too had given in the final stages. Neither did India, nor the other two giants - China and Brazil - staged a walk out in protest. The draft circulated a day before had only called for an end to export subsidies on farm products of special interest to developing countries, but was far short of the elimination of all subsidies as demanded by the G-23 group of developing nations.

Notwithstanding their tough postures outside and before the final moments, the failure of the G-23 to stand up and be counted had in reality led towards a compromise formula linking the phase out of agricultural export subsidies with the unbundling of the Singapore issues, meaning getting started on at least two of these if not all the four sectors. Except for expressing displeasure, which means nothing in the trade talks, the G-23 finally had wagged the tail. India, China, Malaysia and Indonesia, besides the EU and some developed countries, were locked in intense green room discussions in the final stages to reach a compromise.

What happened at Cancun is reminiscent of the absence of 'killer instinct' that continues to plague the Indian society. Whether it is athletics, hockey or cricket, many a times India has done remarkably well in the international tournaments till it reaches the semi-finals and the finals. How many times can one remember the times when the nation sat glued to the television, literally on tenterhooks, watching the nail-biting finish, only to see the Indian team buckling under pressure. In politics, and more so in trade diplomacy, India continues to give a repeat performance. At 2001 Doha Ministerial too, the then Commerce Minister Murasoli Maran, fought alone against the inequalities being perpetuated by the global trade regime. A phone call from the Prime Minister at the nail-biting stage, and he had to give in to the manipulative designs of the rich and developed countries.

Once again, India faltered at its moment of crowning glory. Let us be very clear, Cancun Ministerial failed because of investment issues and not agriculture. The G-23 did not stage a walkout in anger



against the glaring inequalities present in the final ministerial draft. If it were not for the African countries, Arun Jaitley would have returned home empty handed. His mandate, ostensibly with an eye on the ensuing elections, was to cater to the votes of the domestic electorate. In that sense, he did remarkably well. But if one were to see the approach of the BJP-led Coalition, it had all these years worked just on an opposite format to what it tried to project at Cancun.

This does not however undermine the effort of the G-23 and the G-16 (on special and differential treatment) countries to speak out. There is no denying that the G-23 countries did manage to create a world opinion against agriculture subsidies that the rich countries-forming the Organisation for Economic Cooperation and Development (OECD)- bestow on its miniscule population of farmers. In fact, these subsidies- totalling US \$ 311 billion-are actually benefiting food and agricultural companies in the name of farmers. These subsidies depress global farm prices and enable the developed countries to dump cheaper foodgrains in the developing countries, thereby crippling the livelihoods of millions of small and marginal farmers in the developing world.

What is also significant is that the debate Cancun Ministerial generated, for the first time acknowledged that all subsidies were detrimental and trade distorting. Earlier, economists, policy makers, and many western NGOs (in association with their developing country partners) and the ministers had all along found fault with the export subsidies but defended the domestic support and the green box subsidies. It also exposed the protection that the WTO provided to the rich country agriculture by way of special safeguards, higher tariffs and other non-tariff measures. At the same time, it puts to shame the relentless campaign by some organisations and individuals, including a section of the Confederation of Indian Industry (CII), which was for paving the path for an unhindered entry of multinationals with all the state protection for them.

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## 6.8 A Turning Point for World Trade?

John Cavanagh (with Robin Broad), The Baltimore Sun, 18 September 2003



A generation from now, analysts may look back at the World Trade Organization summit in Mexico as a turning point in the increasingly contentious globalization debate.

Why? Because for the first time in decades of globalization negotiations, democracy trumped narrow elite interests.

India, Brazil, China and nearly two dozen other poor nations, representing more than half of the globe's population, negotiated as a bloc. With backing from a wide array of citizen groups, they rejected the meeting's final text, which, as usual, was crafted to address the corporate interests of richer nations. In short, the many derailed a trade agenda for the few.

A number of these poor countries, which came to be known as the Group of 21, were responding to strong campaigns from citizen groups in their countries for a dramatic shift in the globalization agenda. The two of us spent the summer crisscrossing one of these nations, the Philippines, as small-scale farmers, workers and anti-poverty activists pressed their government to stand up for their interests at the WTO summit.

Their message to the Philippine government was simple, and it was aimed at the heart of the WTO agenda:

Don't let Cargill and other giant agribusiness firms from rich nations use their government's lavish farm subsidies to dump their corn, rice and wheat on our markets at low prices that displace millions of peasant farmers.

In the era of Enron and WorldCom, don't give in to U.S. government and corporate demands that vital public services such as health care, education and water be offered for sale to those same global firms.

Don't agree to new negotiations that will further handcuff governments' ability to choose to steer incentives away from foreign firms toward smaller, locally based domestic firms. We met with these Filipino activists again at the Mexican WTO summit as they were joined by an estimated 10,000 to 20,000 protesters from across Mexico and the rest of the world. Barricades manned by thousands of Mexican police prevented most of the protesters from getting within miles of their government's negotiators, who were holed up in some of the world's most luxurious hotels to discuss what WTO negotiators brazenly called a "development agenda."



Deeply frustrated by the metal barricades and the unfair rules they protected, a South Korean farmer, Lee Kyung Hae, plunged a knife into his chest on the meetings' opening day.

Mr. Lee took his life to dramatize, in his own words, that "multinational corporations and a small number of big WTO members officials are leading an undesirable globalization [that is] inhumane, environmentally distorting, farmer-killing and undemocratic."

His suicide note lamented the dumping of subsidized food in poorer countries such as South Korea by global corporations based in wealthier countries. He asked for a global trade system that would allow poor countries to offer adequate protection to their farmers.

The flashpoint of the WTO meeting was agriculture, but the democratic revolt was about far more. The developing countries' negotiators in the suites and protesters in the streets were rejecting the "one-size-fits-all" development model of the WTO that is a relic of the bygone Reagan era. Financier George Soros characterizes that model as "market fundamentalism."

By derailing the failed globalization agenda of the WTO, these poor countries and an increasingly restless global public are not rejecting the necessity of global rules on trade and investment. To the contrary, proposals abound for replacing the obsolete WTO approach with fairer rules and institutions.

For example, citizen leaders under the auspices of the International Forum on Globalization have proposed rules that would allow governments to put legitimate checks and balances on trade and investment to meet national goals - so Mexico could protect its corn farmers and South Korea and Japan could protect their rice farmers as vital to their culture. Such new rules would shift the priority from increasing trade and investment at all costs to creating a framework that steers these economic flows to build healthy communities, dignified work and a clean environment.

Now the real debate begins.

## 6.9 The Meaning of Cancun

S.P. Shukla

S P Shukla is the convenor of the Indian People's Campaign against the WTO and was former Indian ambassador to the GATT

Cancun did not exist on the map of Mexico only three decades ago. It was constructed literally out of nothing on a beach on the south-eastern tip of Mexico for the indulgence of the rich American tourists. But it is a name not unfamiliar to those who have been keeping track of the long and chequered history of the North-South dialogue. Cancun was in the news once before. And it was bad news for the South. It was at Cancun in 1981 that Ronald Reagan finally buried the North-South dialogue of the 1970s.

What does the recent news from Cancun portend for the South? For India? Let us first get the facts clear. The WTO ministerial meeting at Cancun was a mid-term meeting of the Doha Round launched in November, 2001. The break-down of the Cancun meeting does not signify the break-down of the Doha round. In the past too, mid-term ministerial meetings have foundered, eg. The Montreal ministerial meeting in December 1988 which was the mid-term ministerial of the Uruguay Round launched in September 1986. It broke down as there was no agreement on Agriculture, TRIPS, Textiles and Safeguards. The tussle on Agriculture was then mainly between EEC and the Cairns Group countries. The resistance on the other three issues was essentially put up by India and Brazil. But the space so obtained by preventing unfavourable decisions in these areas in Montreal was soon lost as the Government of India succumbed to the bilateral pressures, mainly from USA; withdrew its opposition; and agreed, in April 1989, to bringing in the substantive aspects of intellectual property rights within the scope of the negotiations. That signaled not only the paradigm change for the GATT system but also the end of the solidarity of the South strenuously built over the years under the leadership of India and Brazil. The seed of the all-embracing and coercive WTO system that emerged in 1995 was sown in April 1989, ironically, soon after, and in spite of, the successful manoeuvre at the Montreal meeting to win space for the sustained fight to resist such an outcome !

The "Statement" adopted by the ministers in the wrap-up session of the Cancun meeting is vague on the exact stage of negotiations reached at Cancun and the direction of further work to be done. It merely calls for "more work ...to be done in some key areas to enable us to proceed toward the conclusion of the negotiations."



Having failed themselves to resolve the deadlock, the Ministers have now instructed their subordinate officials and the Director -General of WTO to continue working on the outstanding issues ! A specific date i.e. 15<sup>th</sup> December 2003 has been indicated by which a meeting of the General Council of WTO has to be convened at the official level. The Statement adds: " We will bring with us into this new phase all the valuable work that has been done at this Conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome. Notwithstanding this setback, we reaffirm all our Doha Declarations and Decisions and recommit ourselves to working to implement them fully and faithfully." <sup>2</sup>

It is all very well to sound positive in the face of a clear deadlock. But where does it leave the process of negotiations? The palpable and repeatedly stated differences leave unbridgeable gaps in the crucial areas of Agriculture , the Singapore Issues and Non -Agriculture Market Access . Where then is " a high degree of convergence of texts"? Is it to be presumed that there was near-agreement, behind the scenes ,on issues like Services, Special and Differential Treatment and Implementation? And what were the contents of such agreement? This becomes important because the stated positions spoke of large differences on these issues too.

There is a feeling of some relief that the deadlock at Cancun has kept the Singapore issues at bay , confining them to the clarification process which commenced at Doha two years ago. But one must not forget that the Doha Declaration clearly "recognizes the case for a multilateral framework" for all the new issues and the last two years have witnessed deliberations on the new issues which have verged on negotiations. Moreover, the strong opposition put forward by the African, Caribbean and Pacific countries , the least developed countries and some others , to negotiations proper being launched on these issue has been mainly on the ground that they wanted the clarification process to continue. And there are reports that India was not averse to a " compromise" by agreeing to launching negotiations on two of the Singapore Issues viz; "Government Procurement " and : "Trade Facilitation" while asking for continuation of the clarificatory process on the remaining issues of "Investment" and " Trade facilitation". The fact of the matter is that the Doha legacy of allowing the bridgehead for further attack by the developed countries and their multinationals on our autonomy of policy-making is very much alive and the deadlock in Cancun by itself is not enough to avert that onslaught.

The other area of deep divisions at Cancun was the issue of Agriculture. Not too long ago, the advocates and apologists of WTO (and the Agreement on Agriculture which was its integral part) had created illusions about enormous prospects for agricultural exports. The actual operation of the Agreement on Agriculture, combined with the impact of the so-called economic reforms, over the last few years, has left no doubt in the minds of our peasantry and farmers that, for them, there is little to gain and much to lose, in the WTO regime. The unprecedented distress which our agriculture is experiencing is not admitted by our Government. But the swelling discontent in the rural hinterland on this account has not escaped at least some sections in the ruling establishment. That explains the Government stance of strong criticism of the domestic support and export subsidy regimes of EU and USA. And the consequent role the Indian Delegation has played in contributing to the emergence and solidarity of G-21 in the Cancun context. But here too, the Government is under the illusion that emphasis on reduction in domestic support and subsidies of EU and USA may provide them enough room to continue with adequate level of tariffs to protect the interests of the Indian peasantry. The latest draft on the table at Cancun presented by the Chairman of the meeting not only was soft on both EU and USA in regard to their regimes of support and subsidies but also left no doubt whatsoever that the markets of populous countries like India and China were the main focus of the market-access area of negotiations. The proposals contained provisions to reduce tariffs in developing countries substantially and at a faster rate. Not only that. They contained a provision to bind a designated number of tariff lines to as low level of tariff as between 0 and 5 % ! There is the real danger to our agriculture. And nothing short of reclaiming and asserting the unqualified right to impose quantitative restrictions on agriculture imports can save our agriculture and the livelihood of the seventy percent of our peoples. Government of India's stand is long on rhetoric about what EU and USA must do about the support and subsidies they give to their agriculture. But our Government is totally silent on the vital issue of the quantitative restrictions, a right that it has to claim and exercise in the interest of our peasantry and people.

Similarly, Government has not opposed the formulations in the latest draft declaration at Cancun on Services where the aim of the negotiations was sought to be reduced simply to "progressively higher levels of liberalisation" of services sectors while the General Agreement on Trade in Services itself unambiguously and explicitly recognises the development dimension. It has not also expressed itself



against the supply of services like Health, Education, Water Supply etc which constitute basic human rights, being commodified in the name of liberalisation.

The danger is that trade majors will now resort to the bilateral processes to complete the unfinished tasks of Cancun. Important members of G-21 as well as the ACP and other groupings will be subjected to pressures and blandishments. As we have seen, there are openings available and signals given to make such process possible. And it is here that the solidarity of the South will be tested.

That the break-down of Cancun meeting has averted the immediate disaster in the areas of agriculture and the Singapore issues is a positive development. And all those in the camp of the South (whether in the Conference hall or outside) who brought it about deserve congratulations. The task now is to ensure that the space gained at Cancun is not allowed to be frittered away in the next three months or so, when the bilateral arm-twisting will be rampant. In other words, no repeat of "Geneva Surrender" of April 1989 should be allowed.

What are the prospects of averting this danger? In some respects the objective situation is perhaps more favourable now than in the spring of 1989. April 1989 signified the end of the solidarity of the South. Cancun, on the contrary, has witnessed re-emergence of the solidarity of the South, after a long interval of good thirteen years. All those who were wishing away the existence of South, (including a section of intellectuals and some governments in the South, including our own!) and jumping for opportunist, issue-based coalitions cutting across the reality of the North-South divide, have received a rude shock. The leaders of the North have felt the sting acutely. Which explains the reported outbursts of Pascal Lamy, EU Trade Commissioner and Robert Zoellick, USTR. Lamy called the processes in Cancun through which the majority of the developing countries found some voice as "medieval". "The USTR Robert Zoellick, at his press conference was arrogant, and said: "If countries want to behave like in the UN and only make demands instead of negotiations making inflammatory rhetoric then trade negotiations are not possible." He virtually cursed the G 21 ..."<sup>3</sup>

For the emerging solidarity to survive and become stronger, it is obvious that countries like India, Brazil, China and South Africa have to band together in evolving common strategies and not attempt to cut short-sighted, bilateral deals. For us in India, it is important to ensure through popular pressure that the opportunity offered by the

interregnum is utilized by Government to further strengthen the stand on agriculture and services as indicated earlier. In the spring of 1989, the issue that the Americans were pushing for was intellectual property rights, an esoteric area which then had little potential for generating mass enthusiasm for resistance. Now in the aftermath of Cancun, it is the opening of our markets for imports of agricultural products that is being sought by EU and USA and this affects the very livelihood of the majority of our people. Already there is resistance developing to the government policies in this area. And no government can afford to ignore it except at its own peril. It is equally important that the Government is persuaded to give up the ambiguity in its stand on all the four Singapore issues. If that happens, the Government will have the backing of a truly national consensus supporting it in WTO. This will also augur well for the emerging solidarity of the South.

1 and 2: Vide "Civil Society hails Cancun Failure" by C. Raghavan in SUNS BULLETIN NO. 5419 DATED 16.9.03 :north-south development monitor(electronic edition), published by Third World Network, Geneva, Chief Editor: C.Raghavan















s march in the streets of Cancun after farmer Lee gave up his life protesting the WTO's agreement on Agriculture

This dossier is meant to serve as a reference for civil society activists on some of the debates, actors, issues and events before, during and after the Cancun meeting of the WTO in September 2003. It is hoped that the dossier will contribute to more informed and effective civil society engagements with the WTO process and its ominous implications for social justice, participatory democracy and environmental integrity.

In one of the dossier's key articles, Walden Bello predicts the collapse of the impending Cancun ministerial by highlighting the EU-US stalemate in agriculture, the rising resentment of developing countries to the obstinacy of the developed countries and the growing effectiveness of social movement and civil society mobilisations.

The cynical manoeuvres by Northern countries and their determined resistance to meaningful negotiations on a whole range of issues related to development and agriculture that are of profound concern to Southern countries, sparked the re-emergence of global Southern solidarity in Cancun.

On the 14th of September 2003 Southern delegations led by Africa rejected the final draft, effectively derailing the Cancun Ministerial.

EQUATIONS is an NGO based in Bangalore that focuses on tourism from a multidisciplinary approach. This dossier was prepared its WTO-GATS monitoring programme. Write to [info@equitabletourism.org](mailto:info@equitabletourism.org) for copies of the dossier as well as other publications.